

Stiff NEWS SUMMARY

GENERAL

BUSINESS

Firemen \$ weaker
reject new pay offer

bankers' meeting

• DOLLAR continued its decline after the central bankers' meeting in Basle failed to agree concerted action to support it. (Back Page). Its trade-weighted depreciation widened to 1.83 per cent. (3.56). STERLING rose 90 points on the day to \$1.3405, its index unchanged at 63.4.

• EQUITIES were dull in response to continued sluggishness in industrial production.

Men have turned down the authority employers' offer to pay deal taking them into 1978 with skilled manual workers over two years. The City of Civil and Public servants attacked the TUC proposal to support the firemen's demands.

The society urged the TUC executive council to rescind its decision next week but proposed that this will happen are great, writes our Labour respondent.

Although some regional committees of the Fire Brigades Union have yet to make known their decisions on the offer, union with a severance of the membership has come out unanimously against it, after as opposed to the original back call. Back Page.

Police 'should be suspects'

They should tape-record their interviews with suspects and a "caution" should be introduced which makes it clearer a questioned person is led to say nothing, says an internal report by Sir Henry, a former High Court judge.

The report follows an inquiry into the trial of three youths accused for the death of Neil Conroy, a transvestite. His convictions were quashed by the Appeal Court, although Henry says their confessions have been partly true.

• Israels in Cairo

An Israeli delegation arrived in Cairo, where talks intended to be the way for a full Middle East conference open formally. Mr. Cyrus Vance, US Secretary of State, failed to get Syrian support for the East peace moves during a meeting in Damascus. Back and Page 6.

Four die in crash

Four world aerobatic champions, Neil Williams, his wife and mechanics he was flying the UK crashed on a Sierra Guadarrama mountain near Madrid on Sunday. The wreckage was found yesterday.

250,000 raid

It was fired as seven armed robbers snatched about £250,000 from an armoured van near Hemel Hempstead. The gang escaped by climbing down an embankment and a car waiting on the hard shoulder of the M1.

Ants at risk

More than 320 species of wild ant in Britain, including some not found in the UK, are threatened with extinction, says World Wildlife Fund. It uses intensive agriculture for the land, cabbages, making goosefoot and two types of dandelion at risk.

Guards charged

Two security guards are among men appearing in court at this to-day, accused of taking £12,000 in a robbery at a pub last month.

Rifley . . .

Over 300,000 children in England are taking school meals; the price went up 10p to 10p in October, the Commons was told. Page 8.

East: Two bombs exploded in sports shop, starting a fierce

Island, U.S.: Eight women who were fire swept through the history of a college. The Rev. Keith Sutton, Principal of Ridley Hall, Cambridge, is to be the Suffragan Bishop of Kingston. Page 20.

PRICE CHANGES YESTERDAY

Prices in pence unless otherwise indicated

RISES	£ (G.)	140 + 12	141 + 6	215 + 7	104 + 4	104 + 5	171 + 10	104 + 24	122 + 7	
EMI	173	6	583	7	288	5	306	6	559	7
Fisons	173	6	265	5	294	12	265	5	265	8
Gt. Portland Estates	288	5	294	12	294	12	294	12	294	12
GUS A	206	6	294	12	294	12	294	12	294	12
LEO BURNETT	259	7	265	8	265	8	265	8	265	8
LRG	76	8	76	8	76	8	76	8	76	8
Luties Inds.	265	8	265	8	265	8	265	8	265	8
Metal Box	294	12	294	12	294	12	294	12	294	12
Plessey	95	5	95	5	95	5	95	5	95	5
Randall (J. and L.)	45	10	45	10	45	10	45	10	45	10
Reckitt and Colman	435	10	435	10	435	10	435	10	435	10
Serk	157	9	157	9	157	9	157	9	157	9
Smiths Inds.	322	5	322	5	322	5	322	5	322	5
Tube Inv.	322	5	322	5	322	5	322	5	322	5
Unilever	546	5	546	5	546	5	546	5	546	5
Yorkshire Chemicals	86	5	86	5	86	5	86	5	86	5
Shell Transport	581	25	581	25	581	25	581	25	581	25
Pancontinental	67	41	67	41	67	41	67	41	67	41
S. African Land	473	10	473	10	473	10	473	10	473	10
West Rand Cone	149	7	149	7	149	7	149	7	149	7
FALLS										
London 1978	£25.57	£24.44								
Bank 13/12/1977	£2162	1								
Standard (S. and W.)	212	4								
Miller A	192	5								
Miller B	173	4								

Anglo-French talks end with pledge on industrial links

BY RUPERT CORNWELL, LOBBY STAFF

The Anglo-French summit yesterday set the seal on the flourishing state of relations between the two countries, marrred only perhaps by apparent failure to make real progress on the issue of a new joint European civil aircraft venture.

Mr. James Callaghan and President Giscard d'Estaing ended 24 hours of talks at Chequers by announcing the creation of a bilateral Committee for Industrial Co-operation to strengthen industrial ties between France and the UK.

Its effective launch is likely when Mr. Eric Varley, the Industry Secretary, visits Paris next February. Senior officials will make up the new body, whose task will be to identify areas for joint projects in industries which include machine tools, paper, offshore oil technology, computer peripherals and motors—where Renault and British Leyland are already studying various proposals.

The two leaders gave their blessing to a 2,000 MW cable to be laid under the Channel linking British and French electricity grids, while economic co-operation will be intensified with regular meetings between top central bank and Treasury officials, starting early next year.

The position on aircraft co-operation however still looks confused. Yesterday President Giscard referred only to the possibility of Britain taking part in building the A320 medium-haul derivative of the Airbus. In hand back to the British Aerospace Corporation and Aero-

France which also spans France, with instructions to come up with a final evaluation as soon as possible.

Both sides are aware that excessive delays now could result in the scheme's failure by opening the door to an American competitor. This factor could encourage an agreement, which Mr. Callaghan said in the Com-

mons later he was hopeful could be reached by late spring next year.

The two leaders emphasised that the key consideration was not political—presumably a reference to the vexed question of whether Britain or France is the dominant partner in any project—but commercial.

The matter has now been referred to the European Assembly. But the Prime Minister reassured him publicly: "Don't worry, if it's not 1978, it'll be 1979."

Apart from extensive discussions on the Middle East and Southern Africa, the separate talks of the respective defence ministers gave a renewed im-

petus to the emerging military co-operation between Britain, France and Germany.

THE US is insisting that Japan must rapidly eliminate its current account surplus and immediately begin to liberalise access to what US officials here are calling its "excessively closed" economy.

The US negotiators in the talks between the two countries that began here yesterday have made very clear to Mr. Nobuhiko Ushiba, the Japanese Minister for Overseas Economic Affairs, that the package of measures that he brought with him was completely "inadequate" to have a major effect on the current account surplus."

U.S. officials were saying to-day that the US still expected considerable further concessions from the Japanese Government.

Some officials insist that the Japanese are taking this pressure—which is unprecedented in the memory of most of them—in good part, but others are worried that the tone of the US approach may be causing deep resentment among the Japanese who feel that the US is paying insufficient attention to the Tokyo Government's own economic problems.

Mr. Ushiba said last night that there was little room for further concessions in the package he had outlined. He had refused to commit his Government either to

disclose the specific import surpluses. Page 6

Record increase in ICL turnover

BY MAX WILKINSON

ICL announced a record increase in turnover this year, which reached £418.7m., an increase of 45 per cent. over last year.

Profits for 1977 were also up by 31 per cent. at £20.6m. A particularly encouraging aspect of the preliminary results released yesterday was the sharp

increase in overseas business.

The results show ICL's position to be considerably stronger than either of its main continental rivals CIH-Honeywell-Bull of France or the

Siemens computer division in Germany.

Mr. Tom Hudson, ICL chairman, said in his statement: "The significant increase in the size of the group's business has been reflected to an even greater extent in the high

level of orders booked. Equipment orders rose by 53 per cent. and the resulting record backlog at the year-end provides a sound basis for current operations."

Half the orders came from overseas, and each of the two overseas divisions has now reached a £100m. turnover for the first time.

Mr. Hudson said in his report: "Output fell below plan for much of the year. Had the UK manufacturing plant been achieved, the financial results could have been better still."

Details, Page 21
Lex Back Page

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First past the post for EEC elections

By Richard Evans, Lobby Editor

THE COMMONS last night rejected a move to introduce proportional representation into the elections for the European Parliament by a ratio of three to two.

The decision, by 319 votes to 222, means that the first elections will now be held in the UK under the first-past-the-post system.

But what is now certain is that the direct elections cannot take place by the target date of next May or June. Britain's failure to get its legislation through in time means that the elections will have to be postponed throughout the Common Market.

During the debate on the

Committee stage of the direct elections legislation, Ministers stressed that the date was likely to be met only if the regional list system was adopted, because of the necessity of drawing up boundaries under the Westminister system.

Many Cabinet members, including Mr. James Callaghan and Dr. David Owen, Foreign Secretary, voted for the regional list and the signs were that more than half the total number of Labour MPs supported them.

But the future of the Lib-Lab pact still be called into question as the Liberal Party is pledged to hold a special conference if proportional representation failed because of the refusal of

MPs to vote for it.

Around 70 Conservative MPs are believed to have supported proportional representation. They included Mr. Edward Heath, the former Tory leader, and two members of the Shadow Cabinet, Mr. James Prior, employment spokesman, and Sir Ian Gilmour, defence spokesman.

The inspectors say that the fact loans and some guarantees were not disclosed "is nothing short of lamentable," and specifically, that neither Sir Charles nor Mr. Levine made sufficient inquiry in their respective spheres, or of each other, to ascertain for themselves the information which should have led to proper advice and disclosure being made.

The inspectors say: "Mr. Levine quite wrongly advised that the directors' report need not refer to the loans in question because each loan contract should be considered separately and its materiality judged in isolation.

Sir Charles Hardie, despite explicit advice to the contrary from his own legal adviser, quite wrongly capitulated to the view that settlement of the loans would obviate the need to disclose them in the accounts."

The inspectors concentrate especially on the report and accounts for the first seven months of BBT's trading. They say: "The certified accounts and directors' report concealed more than they revealed." Shareholders were told nothing of the loans to directors and their companies, in breach of the express provisions of the Companies Act.

In fact 26 per cent of the loans

Stonehouse report urges law changes

Teatro alla Scala, Milan

Don Carlos

by WILLIAM WEAVER

aly's most famous opera *Don Carlos*, a glimmering and opulent, staged its first performance whose gypsy beauty and opulent voice were, indeed, irresistible. The delicate Elisabetta of *La Scala* will be exactly 20 years old. The celebration, however, did not begin, suffer, by contrast, stage a role ever, has already begun. That is not naturally ideal for a season, which opened last Tuesday night, is planned to artist that she is—created a very long and festive, a long and musical portrait. And the of handmaiden publica will also mark the bicentenary. Piero Cappuccilli's *Teatro alla Scala*—Rodrigo was also, naturally, containing the two rich centuries' theatre's life.

inaugural work of this humanity. The baritone was in the hundredth season was superb voice, and his death scene in's *Don Carlos*. For many was, expectedly, a high point of it has been traditional for the exciting evening. Nicola

to choose a Verdi opera

Chiavari's *Floriot* is, by now, a

opening production, and a thorough, practised, but not

Carlos was a happy, though

an obvious choice, especially

the conductor, Claudio

(the theatre's artistic

had made a long study

more decided form

Needless to say, and his

confrontation with the earthy

Nesterenko, the Grand Inquisitor, was spared for Luca

and Damiani, the Grand Inquisitor, was spared for Luca

of Sibylla Ulsmar. Pular readers of this page

have an idea of the textual

involved in *Don Carlos*

revised the work a number

both before its premiere

Paris Opera in 1867 and

wards. The last version was

1888 for a production

Teatro Comunale in

composed for Paris. It

that Abbado performed,

material, including much

in the archives of the object, imposing furniture

and seen by Andrew Porter. This

material comprised an

in Act 1 an beautiful or impressive, and the

to Act III (scene mass-movements are, carefully

controlled and directed. But

the scene after the death of they are often distracting. Thus,

in Act IV (with Filippo's during the intense private dia-

logue between Filippo and

Rodrigo, the horrors of war and

final of the last act graphically, unnecessarily illus-

trations made a long

the performance began

and ended shortly after

the right, but also, made the chair in Filippo's study, he

more cogent. What we monologue standing, thus

head was a vast, but diminishing the effect of wear-

and despair; and, later,

when the Queen faints, she has

to sink to the floor, only to rise

again during the quartet. One

had the impression that the pro-

duced his dedicated work of his

time to breathe, to

smoothly. There was no,

beautiful orchestral

were lovingly expounded,

work's noble architecture

was evident. The con-

also had a strong cast,

the public's favourite

the Soviet mezzo Elena

musical performance.

cell Room

Park Lane Group

by DAVID MURRAY

day's recital in the served the cycle well, and that

Lane Group series included the brother rendered the explosive piano part with his usual

exact commitment.

Of the James Joyce settings, the Dicksons performed four by Skymanski, his op. 54. The poems are of course from Joyce's *Chamber Music*, brief and with

consciously simple surfaces;

Skymanski treated them

the Joyce's hair. It

be the directest piece

why not? — the

of dreams is grossly

sentimental; a sinister impre-

ture rising steadily to

and collapsing. Merle

Peter Dickinson, for whom

wrote the and the best

had the ring of a trick but

calculated trick. Panuf-

wield's his conservative

means with conviction.

Mr. Partridge's chante tenor

Correspondence is com-

by the unbreakable

that the musical means are

decent Baudelaire settings

not least because his con-

the composer's pro-

are quite swallowed up

only for the moment, in each

of these extended songs: Mr.

One was prompted to

that the senior composer

reverently to each phrase at the

whole poem, and—at the ex-

Partridge let each rich new

several levels of his set-

That said, it must be

that Miss Dickinson's swoons more calculatedly than

anything overripe tones they suppose.

Trinity, Sloane Street

Golden Age

by RONALD Crichton

full title of Monday's gramme except for certain pages

by Musica Sacra of serene, tender and ethereal, of

was "Christmas Music of the Renaissance". But

These were well-prepared

the choral director, Jonathan

admitted in his introduction

a cold church to an audience

clearly appreciative. The timbre

marks the *Quarensibus* of Cristobal de Morales, the soprano section

especially in the first half, is not, too English to be wholly right

Christians music for this music—the tenors, who

the germ came from a rest

the Frenchman D'Uma-

Al responder d'Uma

the student sang with readings

over with motets by

Morales again (there

short pieces, one of

Eric Virgo's *Concierto* of Michael Berkeley. In the first

and by the most widely

composer of the Spain

and of the impact of

Western music on the Mexican

spiritual quality of Indians (as thirty for ethnic

Indians as we are to-day; in the

magnum *mysterium* trans-

ferred anything in the pro-

Television

The problem with party politicals

by CHRIS DUNKLEY

As a member of the viewing public I feel that it is high time the farce of Party Political Broadcasts (PPBs) was brought to an end. But as a journalist I feel obliged to do all in my power to ensure they are retained. I will explain.

The system of allowing political parties time to transmit their own programmes depends upon an *Aide Memoire* which was drawn up by the BBC, the Government and the Opposition in 1947. There were ticklers with details in 1948, 1953 and 1969, and of course since 1955 it has also been involved. But the basic idea is a 1947 idea.

In 1977 it looks absurd and anachronistic in a world of broadcasting that has been transformed in the intervening 30 years. Instead of one broadcasting organisation, one very limited television channel and one source of broadcast news (which blithely suspended bulletins if it was considered nothing much had happened—dear dead days!) we now have:

Two television broadcasting organisations

Three television channels

Four television current affairs magazines every week night

Six news programmes every evening.

Four national radio channels

Urgent other sources of local radio

Print Panorama, Weekend World, This Week, World in Action, More About the News, literally dozens of other programmes dealing with politics under specialised headings.

It is quite unreasonable in these circumstances to continue to sanctify certain periods for political parties to pump out questionable propaganda. Even more outrageous is the special entitlement to usurp the public's fundamental right of choice by hijacking all three channels simultaneously. Admittedly only the Labour Party is now advised enough regularly to exploit this wildly unpopular right—but the right is still there.

The BBC and ITV should quite simply announce the suspension of all special concessions to day that he was a Conservative; internal complaints from news and current affairs departments about pressure consequently he was intentionally supporting Labour; and now—in the

notorious programme about the National Front—concealed their

identification and purpose when interviewing members of the public who were not told they would appear in a PPB. Imagine Mr. Mason's language if *This Week* followed suit.

The reason was made clear by

Joe Ashton, the MP who presented the broadcast when he said: "If you're trying to get an honest reaction from people you're not going to get it if you say you're an MP or you're from the Labour Party." Quite.

While the ethics, the methods and the standards of the journalists and the standards of the BBC's PPBs are all clearly deplorable, the content is debatable. On last week's episode of *The Bike Inquest* my feeling is that when you are faced with a parcel of nitro-glycerine marked "National Front" the best idea is to dispose of it as gently and as quietly as possible rather than fetching it an almighty whack with a sledge-hammer. (Particularly when the parcel is, anyway, a symptom and you have done very little to alleviate the disease.)

Actually it was eight days later, and after the had written to *This Week* praising the programme in which he had willingly appeared.

And will Sir Harold Wilson's stories of teams of reporters combed the country for dirt on the Labour Party at election time ever be forgotten? On the other hand will they ever be substantiated?

After that it is worth remarking that *Thames's This Week*

of that argument, it is time for the broadcasters to ditch all PPBs. And ever to forget.

time for journalists to tell them

that they will be sub-

stantiated?

With questions such as these in



Sarah Webb and Grant Bardsley in 'The Shrimp and the Anemone', the first part of L. P. Hartley's trilogy, 'Eustace and Hilda'.

mind every serious journalist's instinct will be to fight for the exposure of PPBs—particularly Labour PPBs—because the party's own corporate record as to what it has seen one of its detailed inside view of fine art records in television for its over the past fortnight of the ramps, the squabbling, and the expose of a quite different sort was broadcast under the enticing title *Behind The Scenes* on BBC 1 on Sunday. Produced by Tony Roberts, it too gave an account that was reminiscent of Bellamy's *Europe* when it was previously transmitted, and said very little about it in this column. I have realised from the repeats that that was reminiscent, because David Bellamy is one of those very rare people with whom the BBC itself as the current drama serial *Secret Army* went through all the stages of preparation and production. He clearly loves knowledge for itself; obviously wants to spread that love; commands all the prosthelytising fire needed to do so; and being a bit of a show off, is not averse to clowning to make his point. It is a marvellously effective combination in schools broadcasts. The expose was far more enjoyable than the drab and passe <i

EUROPEAN NEWS

U.S. DOUBTS ON SHARING CRUISE SECRETS

Allies anxious over Bonn leakages

BY REGINALD DALE, EUROPEAN EDITOR

THE LATEST West German spy revelations can only add to the reluctance of Washington and other NATO governments to share sensitive military secrets with Bonn, in the view of Western officials here. A major case in point could be the Cruise missile, on which the U.S. reckons it has a five-year technological lead over the Soviet Union.

The case could be particularly embarrassing as Bonn is one of the leading West European governments pressing Washington not to bargain away their option to acquire the Cruise in strategic arms limitation talks (SALT) with the Soviet Union.

Some senior American defense experts already take the view that the Europeans should not be given Cruise technology, although official policy remains that Moscow will be given no such commitment.

Western sources here point out that other NATO countries are already especially careful about the information they give to Bonn in many areas. Confidential discussions are usually considered fairly safe, but written documents often quickly find their way to the East.

A further concern here is that any deterioration in relations between East and West Germany resulting from the affair could upset negotiations between the two governments for a new series of measures to improve conditions in West Berlin.

Bonn is hoping to persuade the East Germans to allow the opening of a new crossing point in northern Berlin, sell land for road construction, and open up access to a section of the import-

tant Teltow Canal that crosses East German territory.

Jonathan Carr adds from Bonn: The West German Defense Minister, Herr Georg Leber, today shrank off any suggestion that he should resign because of the latest spy affair here, involving apparent betrayal of military secrets to East Germany.

Taking the offensive at a Press conference, Herr Leber pointed out that the secretary at the Defence Ministry arrested on spying charges had been engaged well before he, Herr Leber, took office.

He asked rhetorically whether he should now step down because during his period as Minister the pieces had been uncovered. Nor did he accuse anyone before him,

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Germans 'testing missile'

BY DAVID SELL

WASHINGTON, Dec. 13.

WEST GERMANY has begun testing its own Cruise missiles in the Shaba province of Zaire since early this year, using technology made available to them by Washington. There was no immediate comment on this today either from the CIA, which he says, was involved, or from the Pentagon.

The report, by Mr. Tad Szulc, a respected freelance journalist, is to appear next March in the magazine he edits, *Newsweek*. It follows on last week's NATO meeting at which Germany was testing about U.S. willingness to pass on to NATO details of the latest U.S. Cruise missile technology. The Americans are insisting on the right to do this in the current strategic arms talks with the Soviet Union.

According to Mr. Szulc, the side terms of the treaty, if

he said—ironically noting that he supposed that those who had hired the woman had not known she was a spy.

Herr Leber stressed that the moment the espionage became known to the two secretaries and her two assistants last year NATO had been informed and the appropriate steps taken. He noted it was not the first espionage case in the history of the Alliance.

Herr Leber displayed considerable confidence in the face of lengthy, and at times hostile questioning. He is likely to face similarly intensive grilling tomorrow when he goes before the Defence Committee of the Bundestag to report on the affair.

The committee's chairman, Herr Manfred Woerner of the

opposition CDU, has already suggested that if anything like all details of the spying affair already published are true, there should be personnel consequences at the highest level. Among the documents said to have been betrayed were secret NATO as well as West German armed forces plans.

Herr Leber made clear to-day that the details already published by the *Frankfurter Allgemeine Zeitung* on Monday—and followed by the rest of the Press to-day—were taken almost word for word from a secret Defence Ministry report to the Federal Attorney General's office.

Herr Leber pointed out that a small printing error occurring in the Ministry report had also appeared in the newspaper. He added investigations were underway to track down who in the Ministry had passed on the information.

The report of the Attorney General on the affair, he said, had not yet been received. That of the Criminal Office had been, but it was very large and he had not yet read through it. He expected the trial would begin in January or February.

David Bell adds from Washington: The Pentagon said this afternoon that the U.S. is still "not fully sure" what secrets may have been given to the Soviet Union and East Germany by the three spies arrested last year. "Whenever there is a security breach of this type it is reported to the NATO security office and to our assessment is still going on." He said there had been no tightening of information sharing with the West German Government since the spy ring was uncovered.

The latest indication of Soviet disposure came in a bizarre incident last month when a Russian vehicle forced the high-speed motorcycle of Sig. Emilio Colombo, the Parliament's President, to slow down for about a mile of its progress through the city.

Next day, when Soviet vehicles again appeared outside a building in which Sig. Colombo was launching, they were hammed in by a British military police patrol car until he had got safely away.

Allied officials confess they have little idea of how far Moscow will ultimately want to escalate the affair. The Russians, however, have made it clear they expect the allies to modify the way in which Berlin will be represented, and some Western officials believe that a refusal could lead to the major Berlin incident—by 16 votes to 5 to increase money committed to the Regional Fund next year to 750m. U.S.

Under the current system, the West Berlin Chamber of Deputies nominates members to the Bundestag in Bonn, which appoints two of them to the European parliament. When direct elections are introduced, the Berlin members in Strasbourg will be nominated directly by the Chamber here, although they will remain part of the overall West German delegation.

The warnings, by both Mr. Gaston Eyskens, the Belgian Budget Minister, who spoke since its initial savage budget cuts in the summer was the result of a growing awareness of Europe's economic problems and payments for 1978 in areas outside the regional fund. This change it would sour otherwise good relations this year between the Community institutions.

By contrast, he said, the Council of Ministers, which is to step up harassment of West Berlin and of EEC activities in the city when the elections actually take place. The Russians have warned of serious consequences if present plates go ahead.

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At the Brussels summit last week, Chancellor Helmut Schmidt, in a complex and difficult compromise, only promised to the European parliament. When direct elections are introduced, the Berlin members in Strasbourg will be nominated directly by the Chamber here, although they will remain part of the overall West German delegation.

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By contrast, he said, the Council of Ministers, which is to step up harassment of West Berlin and of EEC activities in the city when the elections actually take place. The Russians have warned of serious consequences if present plates go ahead.

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Congress kills hopes for pre-Christmas Energy Bill

BY JUREK MARTIN, U.S. EDITOR

THE WHITE HOUSE has now trated by Congress's inability to economic message, probably next month, and is also bound to be a subject of paramount importance. Although the White House satisfactorily Energy Bill by its budget, the first of his Christmas.

The best hope now appears to be that within the next few days the respective Congressional committees will at least agree in principle their differences over the most intractable elements in the energy programme—the deregulation of natural gas and the form of the wellhead tax on crude oil.

As if the divisions on the Energy Bill were not deep enough, Congress has been additionally distracted over the last few days by a parallel squabble over the Social Security Bill. It was brought about by the introduction of a rider to the Bill by the Republican Senator William V. Roth from Delaware providing for a tax credit that all Americans could take to help defray the cost of sending their children to universities.

Although Senator Roth's proposal bears minimal direct relevance to the Social Security Bill, it is a standard Congressional tactic to hang such amendments on other legislation. In the manner often described as "the Christmas tree," an approach through the signs are that the Roth amendment will be ultimately attached to a different Bill. Its effect has been to delay the whole Congressional procedures, including deliberation on the Energy Bill.

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WASHINGTON, Dec. 13.

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U.S. farmers to strike for higher price supports

NEW YORK, Dec. 13.

THOUSANDS OF farmers are squeezed. There is little doubt that many farmers are losing money, and there is some evidence that the prices of farm lands, which have been steadily rising for several years, may well be stagnating and in some areas beginning to decline.

The rallies were well supported in many cities—some 6,000 farmers turned out in Georgia—but there are doubts about how deep the support for the strike will be. For one thing, it is hard to see how effective such action can be.

Moreover, the administration clearly believes that the farm militants' demands, which call for the doubling of some farm price supports, cannot and should not be met. Mr. Bob Bergland, the Agriculture Secretary, said over the weekend that the administration will not give in to farmers' demands for guaranteed profit. He said that their claims would require isolating the public market system with a complex bureaucracy.

In the past two years—under pressure from falling grain prices, rising costs and, in some areas, severe drought—farmers have found their incomes

AFL-CIO BIENNIAL CONVENTION

Strained relations with Carter

BY JOHN WYLES IN LOS ANGELES

WITHOUT DISTURBING the housing construction, create an urban development bank and Meany, whose 83 years proved no obstacle to his election here otherwise. The vast majority of the American Federation of Labor-Congress of Industrial trade unions, who are virtually all full-time unionists in the past couple of days, in the federal reserve system to make it more responsive to the demands of government economic policy. One dissenter who has been

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OVERSEAS NEWS

MR. VANCE'S MIDDLE EAST TOUR

BY ANTHONY McDERMOTT

MR. CYRUS VANCE, the U.S. Secretary of State, arrived yesterday in Damascus on the toughest leg of his six-day tour of the Middle East, having admitted to himself earlier in the day that it was unrealistic to expect more Arab countries to join the conference in Cairo.

The Secretary of State was met at the airport by Mr. Abdel-Halim Khaddam, Syria's Foreign Minister, and he was due in the evening to open talks with President Hafez Assad.

He arrived amid a welter of criticism in the Press about U.S. encouragement of President Sadat in his initiatives towards Israel.

The Government daily *Tishrin* accused Mr. Vance of "trying to suggest that the U.S. has nothing to do with the obstacles hampering the resumption of the Geneva peace conference." *Tishrin* said the U.S. was "in cahoots with President Sadat and Mr. Menahem Begin" to substitute the Geneva peace conference with the Cairo conference.

Syria's opposition to Mr. Sadat's tactics and its position against this unpromising backdrop, Mr. Vance seemed to at present may be summed up as follows. Firstly, it believes that a comprehensive settlement

could do more than hope to should be negotiated. Secondly, it fears that Egypt might conclude a bilateral agreement with Israel, thereby isolating Syria and effectively removing the war option from its diplomatic armoury.

Thirdly, it is worried that such a move would mean the abandonment of the Palestinians. Fourthly, it believes strongly that the Soviet Union, which is one of the co-chairmen of the Geneva peace conference and which refused to go to the Cairo talks, should not be excluded from preparations for Geneva.

Observers believe that Mr. Vance will have little success in trying to bring Egyptian and Syrian views closer—especially since diplomatic relations are now cut—unless he can provide strong guarantees about a global settlement and the presence at Geneva of the PLO.

Syria's weakness stems from its obvious reluctance to throw away its cautious diplomatic advance from being a complete "rejectionist" when Mr. Assad came to power in 1970 to full and respected involvement in the protracted diplomatic negotiations ever since.

Mr. Vance is scheduled to fly to Saudi Arabia this morning. Ihsan Hajjat adds from Beirut:

Mr. Vance was told here yesterday Lebanon would not attend the Cairo conference.

Information given said President Elias Sarkis explained the Lebanon position when he met Mr. Vance during the latter's three-hour stop-over, on his way from Amman to Damascus.

At a seven-minute Press conference before his departure, Mr. Vance said he did not expect other Middle East parties to attend the Cairo talks.

Lebanon is the second Arab country after Jordan to tell Mr. Vance that it was not attending the conference, and Syria is expected to be the third.

The Lebanese government had already made up its mind to participate in Middle East negotiations at Geneva only when the talks reached the final stage of concluding treaties with Israel.

Above all, Lebanon did not want to be caught in the inter-Arab crossfire arising from the sharp conflict which followed President Sadat's visit to Israel last month.

Analysts said that Lebanon being so dependent on Syria cannot go against Damascus' policy. Thirty thousand Syrian troops form the backbone of the Arab peace-keeping force here.

China aims at higher farm output

By COLIN McDougall

CHINA WILL hold a national conference on farm mechanisation this week, *China News Agency* has announced. This is designed to increase agricultural productivity by furthering the leadership's goal of basic mechanisation by 1980.

However, the State will give much more aid to agriculture next year, an editorial in the *People's Daily* stated.

This may result in a rearrangement of priorities, with consequent delay in defending the industrial or defence sectors in which Peking seems to have been planning development this year.

The aim of basic mechanisation by 1980 was initially expressed at the Learn from Tachai conference on agriculture in 1975.

While the Chinese had not defined what they mean by mechanisation, the slump in industrial production in the past two years, caused by political disturbances, has probably reduced what would in any case have been slow progress.

Poor weather in 1976 and 1977 probably kept grain output stagnant, a half which China can ill afford. The *People's Daily* editorial said that the rate of annual increase should be larger in future than in previous Five-Year-Plan periods and much larger than in the past few years.

Police release Oginga Odinga

NAIROBI, Dec. 13.

FORMER KENYAN vice-president Oginga Odinga, detained by police in Nairobi last Saturday, was released today but is under investigation for threatening to kill," he told reporters.

Mr. Odinga spent three days in what he described as "a very cold police cell." He showed the reporters a police bond he had been given telling him he was also being investigated for threatening a breach of the peace.

He was arrested with 17 others, including a member of parliament who is a former cabinet minister, Mr. Omany Ayudo, at a fund-raising meeting given by a selection of his Luo tribe. All the detainees have now been freed.

Mr. Odinga, 63, was vice-president from 1964 to 1966 when he formed a short-lived opposition party, the Kenya People's Union.

Reuter

Rhodesia talks at crucial stage

By TONY HAWKINS

TALKS BETWEEN the Rhodesian Government and the three domestic nationalist parties have reached a crucial stage with no-narrow's discussions focussing upon the key issue of safeguards for the country's 300,000 whites, coloureds and Asians. The two sides have already agreed on the principle of one-man one-vote, though the question of the age universal adult suffrage should apply from this has been referred to a committee.

Mr. Smith and Chief Chirau, leader of the Zimbabwe United People's Organisation, both favour 21, but Bishop Abel Muzorewa, president of the United African National Council and the Rev. Ndubanini Sithole, who leads the African National Council (Sithole), want an age limit of 18. The Rhodesians do not see this as a critical issue.

Claims by parties—both inside and abroad—that Mr. Smith's commitment to adult suffrage did not specify "universal suffrage" have been quashed by the explicit use of the expres-

sion "universal adult suffrage" opposed by the nationalists on Monday's official communiqué. Four counts. First, it would surely be that the disbelief in Mr. Smith being voiced abroad by white voters would elect a third certain sectors of the international news media accounts for a reluctance to accept anything emanating from Salisbury at face value. But these officials insist that when Mr. Smith says one man one-vote he means just that in the event of several black parties winning seats in Parliament, the whites could just be in the position that they hold the balance of power. Finally, such a "concession" to the whites by the moderate nationalists would be seized upon by the militiamen in the Nkomo-Muzorewa Patriotic front as a strong reason for rejecting any agreement that might be reached.

Accordingly, it seems clear that if there is to be any further progress in the talks, Mr. Smith will have to soften his stance and drop his insistence upon the blocking third. His fall-back position is understood to be one whereby there would be some "entrenched clauses" in the constitution.

The entrenched clauses would be those dealing with the bill of rights, the independence of judiciary, white voting rights and parliamentary definition of constituents, pensions, jobs and property rights of minorities. This demand is being strongly

Fewer S. African arrests since clampdown—police

By QUENTIN PEEL

JOHANNESBURG, Dec. 13. A SENIOR South African police throughout November, and are now steadily being phased out. However, Major-General Kretschmer made no reference to the sudden spate of incidents attributed to urban terrorism in white areas.

Arrests for stone-throwing incidents, damage to property and arson were down by more than 80 per cent, he said, while arrests for damage to vehicles and the Emirates.

It would appear that Oman may be disputing the port and possibly even an area in which oil has recently been found.

JOHANNESBURG, Dec. 13. THE INTERNATIONAL Labour Organisation has appealed to Iran and other rich members to meet a shortfall in funds caused by U.S. withdrawal. Mr. Francis Blanchard, its director general, said in an interview here to-day that oil obtained in Iran from Iran.

Meanwhile, the General Assembly in a separate move to-night pressed the Security Council to take what it called "appropriate effective steps" to stop South Africa developing and acquiring nuclear weapons.

The request was contained in a two-part resolution adopted by the Assembly's decolonisation committee by 112 votes to none against with ten abstentions.

Reuter

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Mr. Blanchard told the *Kayhan* newspaper the recent U.S. withdrawal meant a 25 per cent. loss of funds.

The \$100m. budget for next year has had to be slashed by 21.7 per cent., he said, and the remaining 33 per cent. is to be met through voluntary contributions. "It might cause serious harm to the balance of the programme," he said.

He stressed that with sterling now a relatively hard currency, creating a real increase in international purchasing power, it would be tragic if wage awards were high enough to swamp the pound and sink.

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The continuing internal strife in Addis appears to have reached a new level of intensity in recent days. The intensity of the attacks appear to have been directed at Government offices, but most of the fighting appears to be a new phase of the long-running political struggle between pro- and anti-Government left-wing political groups. The ensuing violence enables other groups to settle scores and personal vendettas.

THE EPLF claimed to have captured or destroyed 15 Soviet-made T-54 tanks. The full of Massawa would be a serious blow to Ethiopia's deteriorating military position in the province. It is the only point where heavy supplies can enter Eritrea for the 20,000-strong troops there, and the only place from which a large scale attack could be mounted to try to capture the town. The ensuing violence enables other groups to settle scores and personal vendettas.

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WHAT NEW YORK OFFERS YOUR BUSINESS, THE REST OF AMERICA CAN'T.

Leaving home and opening an office or manufacturing facility in a foreign land is no small business decision.

That's why you should know what New York State can offer you that no other state in America can!

We offer your company a total package of tax incentives, marketing opportunities, legislative support, plus we offer you the only international city in America: New York City.

Two decisions you'll have to make.

The first decision you have to make about coming to America is obvious. It's the bottom line dollar and cents one. The other is more subtle. It's how the people you send to America are going to fit in here. Will they be productive? Will they be happy? But for the moment let's talk about your first decision first.

Tax advantages most states don't have.

In New York State, corporate income tax is for most companies on *net* income alone, which means a company pays only on its profits, so you only have to pay income tax when you make a profit.

In New York State, we don't tax companies on personal property such as machinery, equipment and inventories. This alone could save a company thousands and thousands of dollars in taxes.

Connecticut and New Jersey plus 44 other states do tax some form of manufacturers' personal property.

In New York State, we permit multi-state companies to allocate sales receipts on a destination basis, so only receipts from sales within New York State are allocated for tax purposes.

One of the best tax incentive programs in America.

No other state in America has more incentives than New York State.

In New York State, a company can get a tax break for purchasing new machinery, adding new employment and building new facilities.

In New York State, a company can get Job Incentive tax credits, Pollution Control tax credits, Capital investment tax credits, Local property tax exemptions, and even more.

In fact, in New York State a new facility could save a company almost 100% of its corporate state tax for 10 years.

We'll prove we're better.

Well prepare at your request a confidential tax comparison for your company between actual locations in New York State and any other state.

Last year we did this for a number of companies. In 88% of the cases we showed New York State taxes were lower. A good track record for any state.

Our legislature has a mind for business.

Here are just a few of the changes the New York State Legislature made for business last year. For the first time since 1926, we permanently lowered the personal income tax rate in New York State. And we believe it will come down even more. We reduced the stock transfer tax. And we'll eliminate it by 1981.

And in New York City the bond transfer tax was eliminated.

The biggest market in the world is all around New York State.

Within a near 750 miles of central New York State is 54% of the population of the U.S. and Canada. And 55% of the total U.S. and Canadian personal income.

That's an incredibly large and prosperous market in which to sell goods and services.

Within the same area is 55% of all the professional workers in America. 56% of all the skilled workers in America. And 54% of all U.S. college graduates.

That's a priceless pool of brains and manpower for any corporation to draw from.

John S. Dyson, Commissioner, New York State Dept. of Commerce



Of course, New York State already has the greatest transportation systems, possibly in the world.

From its deep water ports to airports to rails to roads, so goods and services can be moved in and out of New York State faster and easier. Plus we have over one thousand choice industrial sites available all around New York State, over nine hundred alone are zoned for a minimum of 25 acres.

We offer you one of the financial capitals of the world: New York City.

Certainly there's no other city in the western hemisphere that even comes close to what New York City has to offer.

It's the investment and financial capital of America.

It's unquestionably the site of the largest money market in the world, with the infrastructure and communications network to support it.

And it is a city that has more international banks than any other city in America: two hundred and thirty-three representing sixty-five countries.

In addition three hundred of the four hundred and eighty member firms of the New York Stock Exchange are headquartered in New York.

Of course, virtually every country in the world is officially represented here.

And as far as international trade organizations go—their numbers are as numerous as their consulates.

You'll also find every conceivable marketing consultant, research firm and support organization right in the heart of the city.

Maybe all this explains why there are hundreds of major non-U.S. companies quartered in New York City, and why every year more international companies keep coming to New York City more than to any other city.

The second decision.

It's as important as the first.

How your people will fit in when they come to America is important to know. It affects how well they'll perform.

When people from outside the United States come to New York City they not only feel excited, they also feel comfortable.

That's because this city is one of the great international cities of the world.

Maybe that's why international businessmen feel right at home here. Maybe that's why they're able to fit in so fast and get on with business.

For their children we have many fine schools that cater to international students. So they, too, can feel right at home.

For their wives the city offers hundreds of foreign,

social and cultural organizations. And we have the finest and most elegant shopping this side of the Atlantic.

And thousands of shops throughout the city carry an incredible array of imported foods and wines from every country in the world.

We have practically every newspaper and magazine from outside of the United States available at dozens of local newsstands.

And on those same newsstands you can buy any one of eleven non-English language newspapers that are printed right in the heart of the city.

But there is something more important that this city has to offer.

It's the challenge. The business excitement. The exchange of ideas between people.

It keeps executives on their toes. And that will make your company's operation here sharper. And keener.

With all the city has to offer, its fine restaurants, its night clubs and its theatres. And with all its fine housing, New York City is one of the least expensive cities to live in compared to the leading cities of the world. This is fact. Not according to us. But according to Business International S.A., Geneva.

A helping hand from professional people.

To make you feel even more welcome we have a group of businessmen and women who are specially trained at expediting international business through the ins and outs of our state government.

And since these people have been trained as businessmen they make excellent representatives for you within the state government.

If you need help from any state agency or bureau they know whom to contact for you.

They'll help do all the burdensome paperwork and they'll help obtain all your state and local permits.

And if ever a snag should develop they'll help you negotiate an amicable solution.

We call these people "Red Tape Cutters." You can call them at this number: 212-949-9307 or 518-474-4110.

Two free books that can make you money in New York and America.

Also, we've recently published two books that can give you more detailed information about our unique business opportunities, "How To Do Business In New York State" and "Why It Pays To Do Business In New York State."

Write to the Governor, Hugh Carey, at the State Capitol, Albany, New York 12224 or contact me, John Dyson, Commissioner of Commerce, 99 Washington Avenue, Albany, New York 12245. For faster action call me directly at this number: 518-474-4100.

Or, if you prefer, contact Carlos Basaldua, Director for Europe, 25 Haymarket, London SW1Y 4EN. Tel 01-839 5070.

Come to New York.

It can offer you what the rest of America can't.

NEW YORK STATE

HOME NEWS

Counties' rates figures attacked

BY DAVID CHURCHILL

METROPOLITAN local authorities yesterday joined the bitter row between the counties and cities over the likely effects of the recent rate support grant (RSG) on next spring's rate rises.

The Association of Metropolitan Authorities (AMA), representing large towns and cities which stand to benefit from the RSG, described as "misleading" calculations made by the rival Association of County Councils (ACC).

The ACC had issued a circular to its members suggesting that the RSG settlement would mean higher rate rises in the counties had been forecast by Mr. Peter Shore, Environment Secretary. Mr. Shore had promised a new safety provision which would mean that no authority would be more than 2p in the £ worse off as a result of the settlement.

But Mr. Lionel Plowman, deputy secretary of the AMA, said yesterday that the ACC's calculations were based on a fallacy and that they failed to take account of changing circumstances. He said that, because of the effect of London's special problems on the distribution of the RSG, "it is unreasonable to take the simple approach of comparing individual authorities' shares of total grant from one year to the next."

The Department of the Environment has also written to the ACC pointing out that there is "no justification" for the association's view on the RSG's effects.

Birds Eye undertaking

BIRDS EYE, the frozen food subsidiary of Unilever, has agreed not to give discounts to retail who promise space in their freezers for the company's products.

The company's undertaking was announced yesterday in the Commons by Mr. John Fraser, Prices and Consumer Protection Minister. It followed a recommendation by the Monopolies Commission over a year ago that Birds Eye should give up this policy.

ANGLO-FRENCH INDUSTRIAL CO-OPERATION PLANNED

Seven vital industries to be linked

BY OUR INDUSTRIAL STAFF

PLANS FOR industrial co-operation which emerged from yesterday's Chequers summit meeting are likely to be taken a stage further in February when Mr. Eric Varley, Secretary for Industry, visits Paris for talks with the French Industrial Minister.

The visit has been planned for some time but takes on a new importance with the decision at Chequers yesterday for the two countries to set up an Industrial Co-operation Committee to oversee links in seven industrial areas.

The areas include aircraft building and two closely allied industries—machine tools and computers.

On the list are off-shore oil technology, cables under the Channel, and paper-making.

The second car industry where British Leyland and Renault have started discussions on possible joint research and development which could lead to manufacturing co-operation.

However, the French Government made three or four attempts in the 1970s to encourage links between French and American-owned car manufacturers in Europe can already see links between French and British machine tool makers.

The idea was not full-blooded

Energy saving could net £370m. a year

BY KEVIN DONE

MANUFACTURING INDUSTRY Mr. Huckfield said that the National Council of Building could save as much as £370m. a financial benefit that could accrue to industry by taking the measures, pointed out that they discriminated against about two-thirds of new fixed capital investment.

Energy savings equivalent to which was £3.9m. in 1976.

5.5m. tonnes of oil could be made each year by industry, resulting in savings of almost 15 per cent. The estimates are based on more than 2,200 capital expenditure of some £560m. But with such an incentive for reducing costs, the Industrial Energy Thrift Scheme, should be an attractive investment, almost always with acceptability.

The scheme is a campaign, initiated last year, of one-day able pay-back periods.

Most of the money from the Department's programme, which will initially last over the next four years, will be spent on loft insulation, draught-proofing and the lagging of hot water tanks.

The construction industry should receive a minor fillip from the scheme, but yesterday well.

"It is difficult to accept that these savings cannot be applied to public sector rented housing. The only individuals to benefit directly in savings of their fuel bills without themselves expending any money will be council tenants."

Landlords of private sector tenants are unlikely to respond to indirect encouragement to spend on insulation without corresponding financial benefit.

It is considered to be only luck that has kept the number of fatal diving accidents to three this year.

Mr. Mick Took, a senior diving supervisor, said yesterday that morale was very low and some divers had refused to dive because of the lack of experience of crew members.

"It has got to the stage where I am dealing with boys of 19 or 20, sending them down hundreds of feet—and crossing my fingers."

Divers are angry about the Inland Revenue decision to allow them self-employed status. They claim that the decision, implemented from April 1, effectively reduced a diver's money by 30-40 per cent. Many divers have gone overseas in search of better paid work.

Last week members of the North Sea Divers Action Group, which is organising a campaign among the 14,15,000 divers to get the Inland Revenue to change its mind.

Mr. Dickson Mabon, executive director of Ford Tractors.

Dr. Mabon said yesterday that he had always recognised the vitally important work undertaken by the divers in the hazardous conditions of the North Sea, and had informed Treasury colleagues of the divers' latest representations.

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Market leader Ford has found itself short of tractors with waiting lists stretching to six months.

The total market is likely to return to its normal level of about 34,000 units a year. The Basildon investment is designed to give Ford sufficient production flexibility to meet surges in demand.

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The level of investment reflects our company's confidence in the future of the U.K. and export tractor markets, and is Ford's ability to continue expanding business in these markets," said Mr. G. R. Triplett,

executive director of Ford Tractors.

In the past two years the U.K. tractor market has been very buoyant. Ford expects to sell about 12,500 units this year in the U.K. out of a total market of about 38,000.

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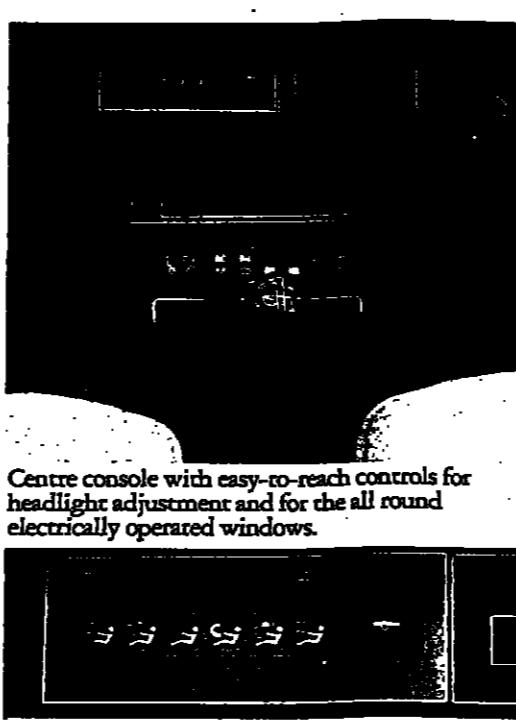
The level of investment reflects our company's confidence in the future of the U.K. and export tractor markets,

Peugeot 604.

Sumptuous surroundings are standard.



Power assisted steering removes pointless effort from driving, while retaining vital feel.



Centre console with easy-to-reach controls for headlight adjustment and for the all round electrically operated windows.



Deep, luxurious front seats with integral head restraints are upholstered with soft velours or optional leather.



Rear seat passengers have more head and leg room than in almost any other luxury car.



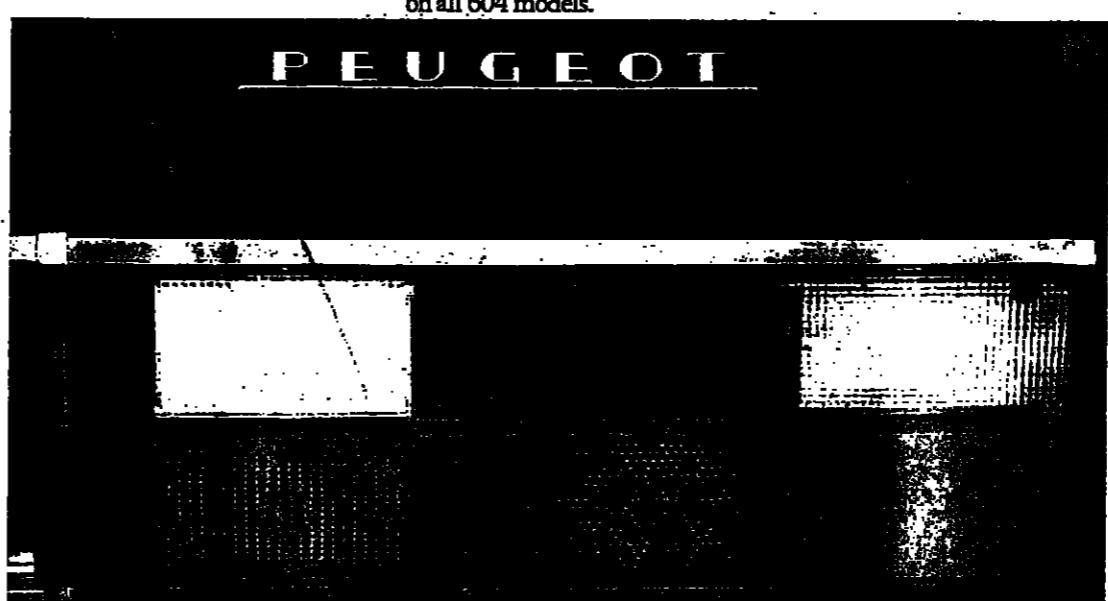
A central locking system provides instant, fuss free security at the touch of a button. Subtly tinted glass all round.



Also electrically operated, the sliding steel sunshine roof is standard on all 604 models.



Twin dip and main beam high power halogen headlights adjustable from the driver's seat.



For additional safety, rear light clusters incorporate high intensity fog lamps.



604. The best Peugeot in the world, for £6,695.

Prices of the superb 604 start at £6,695 (including Car Tax and VAT) and include: electrically operated sunroof, all round electrically operated windows, tinted glass, power assisted steering, interior headlight adjustment, central locking system, rear fog lamps, metallic paint finish. Optional extras include: leather upholstery, automatic transmission, air conditioning, Rouge Amaryllis paint finish (as on car shown). Delivery and number plates extra. Price correct at time of going to press. Major service intervals every 10,000 miles (intermediate oil change every 5,000 miles). Fuel consumption (according to French Government test procedures): urban motoring 17.6 mpg, at constant 56 mph 31.4 mpg.

I am interested in the Peugeot 604, please send me a brochure.
 I am interested in duty free purchase for re-export.

Name Address

Send to: Peugeot Automobiles (UK) Limited, PO Box 2, Liverpool, L4 1UR Tel: 01-993 2331 (London office)

HOME NEWS

Brighter future for building industry—NEDO

BY LYNTON MCALPIN, INDUSTRIAL STAFF

THE WORST of the recession in Britain's building industry may be over, according to the National Economic Development Office.

Brighter prospects for the economy as a whole underlined the optimism noted in NEDO forecasts issued yesterday. These predicted that much of the expected rise in output in the private non-housing sector is likely to be in factory building.

By next year output in new construction is forecast to rise by 2 per cent compared with this year, a further rise of 3 per cent is expected in 1979.

The improvement follows the worst of the recession this year, when output fell by 10 per cent compared with last year.

The building and civil engineering economic development committee, joint forecasting group welcomed the Government's measures which should lead to the creation of thousands of jobs in construction.

But it sounds a note of caution over prospects for the public sector. This still offers the "brightest" prospects, even if the

total money allocated is spent between 1978 and 1980.

Excluding housebuilding, the mean annual output in the public sector is likely to be 26 per cent lower than that for the period 1970 to 1976.

Between now and 1980 there will be a substantial drop in public housebuilding, but in private housing moderate increases in output are forecast for next year and in 1979.

This year the number of public housing starts fell by 38,000 to 133,000 compared with 1976. A further fall to 125,000 is forecast for 1978, with no change forecast for 1979.

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Big drop forecast in new private homes

FINANCIAL TIMES REPORTER

NEW BUILDING work on private sector houses is likely to fall substantially this year, according to statistics given yesterday by the National House Builders' Council.

The council forecast that new housing starts would be only just over 130,000 for 1977.

Last year a start was made on nearly 150,000 new homes.

The council based its forecast on the November's 11,308 house-building starts compared with 13,559 in October.

New starts so far this year total 123,000 but the council pointed out that as December is traditionally a poor month, no sharp increase is expected.

Houses completed in November were 13,428, compared with the private sector.

Thalidomide 85 left out

IMMEDIATE ACTION is needed to settle the cases of 85 "thalidomide children" still outstanding, Mr. Jack Ashley, MP, who campaigned for such children in 1973, said yesterday. He had asked Mr. Robin Gater, chairman of the Distillers Company, which marketed the drug in Britain, for an urgent meeting.

The 85 are on the *Y*-list, of those whose claims that the damage they suffered was through thalidomide are not considered as strong as those of the 340 children on the *X*-list who have been compensated under the £20m. Distillers settle- ment.

Mr. Ashley is to put questions in Parliament to Mr. David Ennals, Social Services Secretary, and ask him to make representations to Distillers.

Distillers said yesterday that the company remained willing to consider any information premises.

Industry offered student courses

COURSES to allow young business managers to meet potential recruits in universities are being organised by the Careers Research and Advisory Centre of Cambridge, as part of a programme to link industry with education.

The courses of 60-70 students, 15-20 young executives and five CRAC tutors—can be held at universities for a group of employers, or for a single company, possibly on its own

to consider any information premises.

APPOINTMENTS

Senior executive changes in C.T. Bowring group

Mr. Peter Bowring is to become chairman of Bowmaker on January 1 and will take over the chairmanship of the parent concern C. T. BOWRING AND CO. after the annual meeting in May. Mr. I. R. Blaney will be chairman of C. T. Bowring (Insurance) Holdings from the beginning of next year.

Mr. R. H. Bowring, chairman of C. T. Bowring and Co., is relinquishing his executive

responsibilities at the end of this year and will resign as chairman of Royal Bank of Scotland and Loans and Pensions) and Rea Brothers (Underwriting Agencies).

Mr. G. T. Checketts has become managing director and continues as deputy chairman of HAWKER SIDDELEY INTERNATIONAL. Mr. E. F. T. Jenkins and Mr. C. H. Brooks have been made directors.

Mr. Michael Bedford and Mr. Christopher Hartley have become executive shareholders of JOSEPH SEEAG AND CO stockbrokers.

Captain A. P. Cowrie, Royal Navy, is to be promoted Rear Admiral on January 7 and to be Deputy Controller Aircraft B in the Procurement Executive, Ministry of Defence, in succession to Rear Admiral D. G. Tifford, to take effect next month.

Mr. Harry Griffin has been appointed chief executive of STANLEY GIBBONS PRODUCTS, a subsidiary of Stanley Gibbons International.

Mr. D. A. Plume has joined the Board of Camping Gaz (GB) as director of marketing services.

Mr. W. R. J. Govett has been elected chairman of GENERAL STOCKHOLDERS INVESTMENT TRUST from January 1 and Mr. A. R. J. Boyle will become director on the date. Mr. M. H. R. Govett is resigning from the Board at the end of this year for personal reasons.

Mr. A. T. Montgomery, a director of BERTHARD, has become chairman in place of Lt-Col Henry G. White, who has resigned from the Board for health reasons.

Mr. Bernard Norman, director, retail travel and Mr. Robert Woodford, group personnel controller, have been appointed to the Board of THOMAS COOK LIMITED.

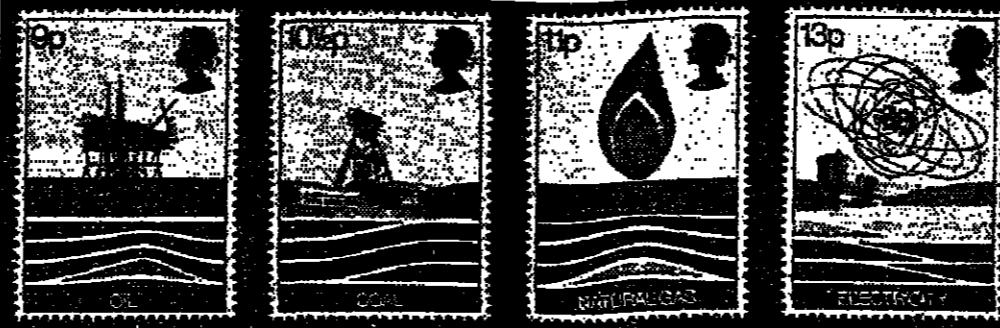
Mr. Gordon Down is relinquishing his position as managing director of REA BROTHERS (INSURANCE) on December 31. He will remain a director of the company and of Rea Brothers (Life

and General Banking) Group.

The Royal Bank of Canada announces the appointment of Robert A. Utting as executive vice-president and deputy chief general manager of the bank.

Mr. Utting has been in London as the bank's vice-president—Europe and will now move to head office in Montreal. R. G. P. Styles, the bank's general manager—Metropolitan Toronto, will take up duties in London as vice-president, Europe, Middle East and Africa. Both appointments take effect early in the new year.

NATIONAL AND COMMERCIAL BANKING GROUP states that Mr. I. W. Macdonald and Sir Thomas Waterlow Bart, will be retiring from the Board at the annual general meeting on January 12. Mr. E. G. Bell, Mr. L. M. Harper, Mr. D. A. W. Pearce and Sir Peter Roberts Bart, have accepted invitation to join the Board on January 18. All have served on the Boards of one or other of the Group's two principal operating subsidiaries, the



Power in the post

The first special stamps to be issued by the Post Office in 1978 will highlight the nation's energy resources: oil, coal, natural gas and electricity. Designed by Peter Murdoch, who was responsible for the Commonwealth Heads of Government stamps earlier this year, the four-stamp issue will go on sale on January 25.

Firm verdict on third London airport urged

BY DAVID CHURCHILL

A FIRM decision on a third structured and intersections on London airport should be taken the A30 improved," she said. "The Government must stop any new terminal before the dithering and name London's third major airport now. This is yesterday.

The council is concerned that a longer and must precede a decision on extending Heathrow."

The committee has asked the Government for an urgent report on road access to the airport, taking account of noise levels and the effect on the environment.

A White Paper on the Government's airport strategy is expected shortly and a public inquiry into British Airport Authority proposals for a fourth terminal is likely to be held next May.

A fourth Heathrow terminal would provide 3,000 new jobs and would increase the airport's capacity by 25 per cent, to 38m. passengers a year.

Miss Shelagh Roberts, leader of the GLC's planning and communications policy committee, said yesterday that the Government had to spend many millions on improving road access.

"The M25 orbital route must be completed, the Hayes by-pass built, an underpass link from the M25 to the south-west entrance to the airport con-

tinued.

The report recommends a new bridge over the River Foyle between Londonderry, an air link between the city and Dublin, improved emigration rate from the province and better telephone links across the border.

Assistance from EEC funds will be available to augment foreign investment.

The report recommends a new problems were grim. The estimate of job needs was based on the assumption that the high level of unemployment in Ulster would continue and that across the border.

Assistance from EEC funds will be available to augment foreign investment.

He said Ulster's economic

conditions that were intractable were now in a position to prevent acute rheumatic fever, attacks of gout and the crippling arthritis that followed, untreated congenital dislocation of the hip.

Arthritis Research—the way ahead, ARC and BLAR, 8-10, Charing Cross Road, London, WC2, 25p.

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PARLIAMENT and POLITICS

MPs DEBATE VOTING SYSTEM FOR EUROPE

Regional list speedier and fairer, says Rees

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE BATTLE over the voting system to be used for direct elections to the European Parliament got underway in the Commons last night with Mr. Merlyn Rees, Home Secretary, advocating the regional list method of proportional representation as easier, fairer and more representative.

From the Opposition front bench, Mr. Douglas Hurd, Conservative European spokesman, ceded that there were deep divisions within his own party on the system to be adopted.

He personally favoured the traditional first-past-the-post method on the grounds that the result of correct elections could not be compounded by using an entirely new voting system.

It is emphasised that whatever the difference of opinion over voting method to be used, vast majority of the MPs are strongly in favour of the system taking place by the set date of May/June next.

Opening the debate, Mr. Rees found himself under fire from hostile Labour back-benchers. Some claimed that proportional representation would be the thin edge of the wedge for a similar system to be adopted at Westminster.

Others complained bitterly that Government was only negotiating the regional list in order to maintain the Lib-Lab pact. They argued that the only way to gain from it would be the removal of the Royal Assent.

There was also concern on both sides of the House that proportional representation would be 'unfair' to independent candidates because they would be able to benefit from plus votes cast for other members of political groups.

Mr. Rees told them: 'I yield no one in my support for the Westminster system of election of this House and for the role of the Member of Parliament.'

But I believe that Europe is different in this respect, given the role of the European Parliament with 81 members from the

UK. I believe that the regional list system is appropriate for the Nine member States. During his speech, the Home Secretary faced repeated interventions. Mr. Alex Lyon (Lab., York) warned that if there was no PR for the European "talking shop", it would increase pressure for PR at Westminster.

Another advantage for PR was the time factor. The regional list would make it more likely that Britain met the target date of the elections.

Once the Bill received Royal Assent, it would take a minimum of 18 weeks before the determination of the first-past-the-post election.

A LABOUR MP had a few words of advice yesterday for members of the European Community who are against the Government's temporary employment subsidy.

Mr. Max Madden (MP for Sowerby) suggested they should "take a running jump into the wind lake."

Mr. Albert Booth, Employment Secretary, agreed that the Royal Assent would be given in March to be ready for May/June. For this, the Government would have to set aside all other legislation apart from the Bill.

'Mr. Rees prepared to give us that assurance,' he asked.

The Opposition was prepared to 'provide some form of acquiescence' on a guillotine motion to restrict debate.

Mr. Rees, intervening, said

that the issue of progress on the Bill in the New Year was a matter for wider discussion.

Mr. Hurd told him that Euro-pean members would be developed a different relationship with their constituents and would not be doing the same job as Westminster MPs.

In his speech, Mr. Hurd said that, with a multi-member constituency, the only people who would come to see MPs would be those who had voted for them. This would be very distasteful.

He also attacked commentators for imposing a 'hedge test' on the debate. 'There is an attempt to link enthusiasm for Europe with support for the regional list.'

But in the voting lists later

would be individuals who were divided on the system but united in their support for the success of the UK in the EEC.

No-one looking at the evidence could doubt the Tories' commitment to the Bill. 'Without this commitment, the Bill would now be dead, murdered by the Government's supporters.'

Mr. Hurd said there had been a great deal of obscure and misleading talk about timing. The Prime Minister, in particular, had smudged his words to convey

different impressions to different people.

'He has not been saying that the regional list can meet the target date of May/June. He has very carefully avoided that statement.'

'What the Prime Minister says is something different—that with the regional list, it will be possible to hold these elections next year.'

'Of course, that is true. It is equally possible to say that under the first-past-the-post we can hold these elections next year.'

Mr. Hurd said that Conservative had done their own homework on timing and calculated that if the Government gave two days a week to the Bill, Royal Assent would be reached by May 24, which would be late to meet the target.'

Assent would have to be given in March to be ready for May/June. For this, the Government would have to set aside all other legislation apart from the Bill.

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High wage settlements 'threaten tax cuts'

BY IVOR OWEN, PARLIAMENTARY STAFF

PROSPECTS OF further tax cuts helped to promote a recovery and a real rise in living standards from that situation. Next year will be jeopardised if Mr. Callaghan stressed: 'If we let the level of wage settlements get out of control, the private sector would average not kept in check in accordance with the Government's guidelines. The Prime Minister warned tax remissions and these, together with the fact that we are now overcoming inflation, will result in a real and substantial increase in the standard of life of the people of this country in 1978.'

'The buoyant mood he refused to put by a far reminder from Mrs. Margaret Thatcher, the Opposition leader, that the pay in the pocket of workers this Christmas will be less than at any Christmas since 1968.'

'This is the practical result of the Government's economic policy, she scoffed amid Tory cheers.'

'Mr. Callaghan said he would have to check the figures on which Mrs. Thatcher had based her charge, but there had never been any attempt by responsible people to deny that the increase in earnings of 20 per cent or 30 per cent which we have had to pay for in all prices and other factors would mean inflation would go up. We could not make further tax cuts, and that there would be a further reduction rather than an improvement in living standards.'

During exchanges about forces' pay, Mr. Callaghan agreed that service personnel like the police, firemen and others in public services should be properly paid. But these categories, like everyone else, had to share the burden of the community.

Backed by Labour cheers Mr. Norman Atkinson (Lab., Toton) a persistent critic of Government economic policy, the Prime Minister insisted that rewards in prospect were worth working for.

'This is why I reiterate the necessity for having moderate increases in earnings—and not going for fantastic increases of 20 per cent or 30 per cent which we have had to pay for in all prices and other factors would mean inflation would go up. We could not make further tax cuts, and that there would be a further reduction rather than an improvement in living standards.'

Mr. John Pardoe (Lab., North Cornwall) referred to forces' pay as 'ridiculous kind of forecasting, which really seems to be the biggest growth industry in this country, does tend to become self-fulfilling. I wish we could have fewer forecasts and more people concentrating on what is happening.'

During exchanges about forces' pay, Mr. Callaghan agreed that service personnel like the police, firemen and others in public services should be properly paid. But these categories, like everyone else, had to share the burden of the community.

There could be a lack of political impetus when decisions were being taken by officials, 'and it sometimes needs heads of Government and a number of Ministers to get together and give a real push behind it.'

In his statement, Mr. Callaghan said that senior officials from Britain and France would be setting up a committee to identify new areas of industrial co-operation. These would include offshore oil technology, computers, the paper industry and the machine tool industry.

Mr. Dennis Skinner (Lab., Bolsover) wondered whether Mrs. Thatcher's own recent 'world-wide summary' would have made her more of an international statesman.

Mr. Callaghan replied that he could comment neither on other people's travels nor—with a look at Mr. Heath on their means of locomotion.

He told Mrs. Helene Hayman (Lab., Welwyn and Hatfield) that he expected recommendations from the British and French aircraft industries about possible new projects by the late spring. But he stressed that any conclusions must be reached on a commercial basis.

Mr. Callaghan said that French growth would probably slow down next year and our own might just about catch it up.

'Our rate of growth will be much faster as a result of the fact that we have now overcome inflation,' he said.

Mr. Robert Hughes (Lab., Aberdeenshire N.) called on the Government to produce a 'Socialist plan' to provide employment.

'The present level of unemployment is the result of the failure of the free market economy. History teaches us that to find jobs in the future we cannot look to the free market economy,' he declared.

Mr. Hughes replied that he had come roughly to the same conclusion even before the present recession. In the last 12 months he had been called on by MPs from all sides to have greater Government intervention.

Dealing with other questions, the Secretary of State predicted that the December unemployment figures would show a further fall.

Mr. Hayhoe countered that unemployment had gone up in the last month in the North, the North-West, and Wales. 'The underlying trend is upwards rather than downwards,' he said.

THE METROPOLITAN POLICE paid more than £100,000 in settlement of civil claims and actions against police officers in 1976-77

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

RESEARCH

Flings out fresh water

WHAT MAY become a major advance in one of the important water desalination and purification processes—reverse osmosis—is well ahead in laboratory development at SRI International in the U.S.

Simply put, it applies centrifugal force to the reverse osmosis principle of forcing salt-charged solutions to diffuse through fine membranes.

The design of the equipment is ingenious and manufacture should be easy, and permit replication so that plants of very large capacity could be designed and installed very quickly.

A demonstration model has already proved that the idea works and a portable, commercial-scale unit is being designed with potential to turn out 1m. gallons per day of potable water from a seawater feed. Each unit of this size would measure about 10 x 10 x 8 feet to meet the requirements of containerisation and provide modular plant scale-up.

In the SRI design, membrane units made up of millions of hollow tube-like fibres allow water to diffuse through the membrane walls but bar the salt.

They are packed in steel containers fixed on the ends of the arms of an accelerator. When this revolving unit is speeded up to 750 rpm it progressively pressurises the salt water being fed down the arms and into the containers.

At peak speed, reverse osmosis takes place and the pure water is flung from the external faces of the containers into a metal shroud and taken to an outlet.

The description of the process by SRI does not say how the enriched brine is removed, other than indicating that it is by a self-cleaning process which also assists in removing other impurities.

In some instances, depending on the feed water quality, the method may avoid the need to pre-treat incoming water with chemicals.

Even at this early stage, the developers claim that their process is less capital intensive than reverse osmosis as it is now applied and very much less costly than large-scale distillation.

More details from SRI International (formerly Stanford Research Institute), Menlo Park, California, U.S.

Lower cost composites

AS PART of a programme to encourage the wider use of plastics and composite materials by the manufacturing industry, PERA is exploring possible new production techniques concerned with applying these materials.

A recent investigation has shown that resin injection and vacuum impregnation techniques are often suitable for the economic production of good quality components of large size.

Glass fibre reinforced plastics (GFRP) are well established as durable and reliable materials for many applications. The traditional method of manufacture is hand lay-up or contact moulding using glass fibre cloth (or mat) laid on a suitable mould and impregnated with a pre-catalysed polyester resin by brush or roller application. This is a labour-intensive process which produces components with a good surface finish on one side and a relatively rough face on the other.

Two alternative techniques capable of giving a good surface finish on both sides of the components and reducing the labour costs are resin injection and vacuum impregnation.

The PERA investigation shows that these techniques, used either singly or in combination could, in many instances, be used to advantage instead of the traditional method of hand lay-up. Various forms of glass fibre reinforcement were evaluated and it was found that continuous strand mat was the most effective.

More from PERA, Melton Mowbray, Leics. LE13 0PB. 0664 4133.

METALWORKING



Steel billets each weighing up to 60 lbs can be forged into shape with the aid of this double-acting hammer at the Blackburn, Lancs., works of Henry Livesey, The company, a member of the Triangle International Group, exports about 75 per

cent. of its production and specialises in components for valve and vehicle equipment manufacturers and in pressure vessel connections. The factory is equipped for drop forging in carbon, alloy or stainless steels and for fabrication in stainless and other steels up to two tonnes.

Liquid steel output to double

DESPITE the problems with which the British steel industry is beset, the Corporation is plodding doggedly ahead with the introduction of new techniques.

To this policy belongs the decision to provide automated information capture and display which will help operators at the Lackenby BOS plant on South Teeside to reach the right decisions very quickly. A by-product will be management information reports.

Important data from the plant drives will be collected, processed and stored while relevant information will be presented to operators either by visual displays or by printers.

The benefits from the improved

data flow are expected to include almost a doubling in liquid steel output to 4,850 tons a year.

Key equipment will be supplied by Ferranti, consisting of twin Argus 700G processors each with 128K words of core memory and 128K words of cartridge disc

storage, a two-speed motor and gearbox, provides 12 spindle

outputs up to 1500 rpm, speed can be changed under load. Swing diameter is 400 mm, and that of the hydraulic chuck is 250 mm.

Details from the agent, W. E. Norton (Machine Tools), Atlantic Road, Avonbridge Estate, Avonmouth, Bristol BS11 8PZ (0275 5064).

Welds steel strip

ABLE TO weld hot rolled steel strip up to 185mm wide and 4.75mm thick, a flash butt welding machine to be installed at Port Talbot works of British Steel, in the continuous pickle line, is claimed to be the most advanced unit so far built in the world, according to its joint

developers—British Federal Welder and Machine Co. and BSC technical staff.

Ideas incorporated in the machine have been protected by British patents and the 120 tonne unit costs in the region of £1m.

One point of the design is that it incorporates a retractable dual guillotine shear in the machine's die gap, as well as automatic adjustment of initial strip position and electronic control of cross

and alignment.

Different strip thicknesses and widths are catered for immediately by single switch selection. At the same time, electronic gauges record and display

the front slide, the tailstock, which can support

FINANCIAL TIMES SURVEY

Wednesday December 14 1977

Flagship
of
national
recovery

SWEDISH ENGINEERING has had a great challenge thrust upon it. Politicians, trade union leaders and economists have unanimously designated it as the locomotive that will pull the economy out of recession. Indeed, the burden of responsibility is even greater. The steel industry is in process of encroachment: the wood supply limits the expansion of the way has to be made up before it can start expanding.

The ability of the engineering companies to assume the responsibility laid on them is thus, an open question. It depends partly on factors external to it such as a world recovery and the Swedish government's success in bringing about a re-allocation of resources to production. Within the industry itself the discussion about what needs to be done has intensified this year—along lines already trodden in other West European countries. Some experts, alarmed that Swedish engineering is losing its technological edge, want a bigger effort made on the research and development side and a greater emphasis within company management on product development. But Mr. Nils Aasling, the Industry Minister, returning from a trip abroad, warned the companies that their marketing and sales techniques were 'deficient', a view echoed by the unions.

What are the prospects? And, if one looks at the engineering industry's past record and at the vigour with which some of its flagships—SEA, Electrolux, L.M. Ericsson, Alfa-Laval, Sandvik—have been coping with the current bad times. But there are also several negative factors. The shipyards, which in 1975 still contributed 10 per cent of engineering exports, are in crisis and capacity is being cut back. Both automobile manufacturers, supplying some 16 per cent of engineering exports, are taking a loss on their car production.

Together with the rest of the Swedish industry the engineering companies' profit and export potential have been reduced by the disproportionate rise in labour unit costs between 1974 and 1976. The gap to competing foreign industries has been only partially restored by a devaluation of the krona this year. Swedish engineering has lost some 15 per cent of its export market over the past two years and has even lost some cent in 1976 as a percentage of turnover pre-tax earnings. This shows that since the middle of 1974—when the devaluation of the krona fell from 1.10 to 4.70—Swedish engineering

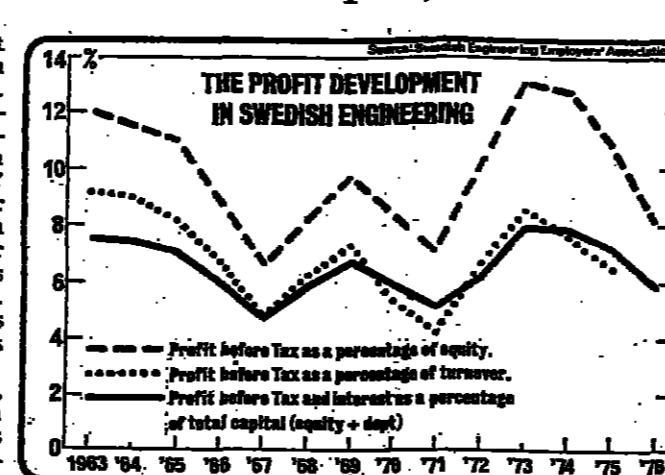
This year's devaluations of the krona have gone part of the way towards restoring the competitiveness of Swedish engineering and shipbuilding in the world market—but as this survey by our Nordic Correspondent WILLIAM DULLFORCE shows, the problems in these vital industries are complex, and structural changes may be needed.

Analysing the report in Skandinaviska Enskilda Banken's quarterly review, Mr. Olof Hedengren, the Engineering Association's chief economist, and Mr. Birger Hellström of the Swedish Employers' Association found that after eliminating tax and inflation 1976 was the worst profit year for the engineering companies since the study started in 1963. The 1976 net profit margin was only two per cent. And 1977 is going to be even worse.

Measured in people employed, Swedish engineering has been shrinking since 1975, whereas the official long-term plan pre-dicated unchanged employment until 1980. It lost 13,000 of its 430,000 employees in 1976, will lose another 15,000 this year and the Engineering Association anticipates a further fall next year.

Overall production will be down this year by some two per cent and for the first time in many years productivity declined last year. The engineering companies' stocks in the middle of this year were equivalent to about seven months' production or more than one month larger than normal. Industrial investments will fall by 15 per cent this year and probably by a similar amount in 1978.

Among the 240 companies surveyed the average pre-tax return on equity went from 13.1 per cent in 1974 to 7.8 per cent in 1976, as a percentage of turnover pre-tax earnings. This shows that since the middle of 1974—when the devaluation of the krona fell from 1.10 to 4.70—Swedish engineering



Socialist government done to dustries is intended to help build that platform. It is an orderly reduction in their has devalued and reduced the capacity and a release of re-company payroll tax by 2 per cent from January 1 with a further 2 per cent cut to come. The Small Business Bill is the first part of a four-stage pro-gramme sketched out by the Ministry of Industry. The second stage comports various bills designed to give financial backing for structural changes in steel and shipbuilding: it includes the small companies a Kr.1bn. (£1.32bn.) capital injection in terms of tax relief and new credit facilities.

Otherwise, there has been muted but waxing criticism about the Kr.12bn. (£1.32bn.) it is injecting into unprofitable industries such as shipbuilding, steel, and textiles, in order to maintain employment. Dr. Marcus Wallenberg, Swedish industry's "grand old man," has said, "We want innovation not subsidies," while Mr. Pehr Gyllenhammar, Volvo's managing director, presenting his company's poor third-quarter report, suggested that the Government would do better to back expansion in companies which are still profitable.

If one combines the latest economic forecasts and political opinion polls, which give the Social Democrats a strong lead, there must be strong doubts whether the present Government will survive to implement any industrial policy it may evolve. There is at any rate a need for a consensus about Swedish industry and in particular, about which engineering branches offer the best growth prospects. This is to be rather hazy. On the other hand the Swedes are drawing conclusions from their successful companies.

The prolonged recession, which has resulted in decline in GNP this year for the first time since the war, has been a shock to Swedish industrialists and politicians alike. It has ASENA offers complete electric

CONTINUED ON PAGE IV

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— Industrial drying: for pulp, paper, board, lumber and other applications.

— Comfort ventilation: for plants, offices, retail establishments, sports halls, meeting places, homes and ships.

3 Fläkt operates internationally. It has companies in 25 countries outside Sweden. Twelve have their own fabrication facilities. Wherever you are, Fläkt can deliver and install the equipment or system best suited to your needs.

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5 Fläkt is innovative. Many of its systems and products have features not offered by other manufacturers.

6 Fläkt's R & D facilities help assure maximum performance of every installation. Modern laboratories permit full-scale testing of all system components. Advanced computer techniques provide optimal solutions to your problems.

7 Fläkt is "systems oriented". It delivers complete turnkey air handling and pollution control systems of any size, custom-tailored to your specific needs.

8 Fläkt can service, maintain and run your environmental installations, regardless of make. Our specially equipped laboratory can also provide detailed analyses of all the environmental factors in your office, building or plant.

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SWEDISH ENGINEERING IV

Environmental technology

SWEDEN CAN fairly claim to tighten their anti-pollution requirements. It has been estimated that West Germany, for instance, will spend some billions. Nevertheless, the reluctance of companies and legislate against pollution and has enforced its legislation more swiftly than most. In some fields the Americans and Japanese may have more stringent regulations but Sweden is certainly near the head of the field in Europe. It has had outstanding success in cleaning up its lakes from pulp manufacturing discharges, in reducing air pollution and in improving industrial work environments. It was no coincidence that Stockholm played host to the first world environment conference in 1973.

In achieving this record Swedish companies have had to develop new techniques and systems. It has been estimated that Swedish industry invested about Kr.2.2bn. (£50m.) in

environment protection during the five-year period 1969-74, equivalent to 5 per cent of total industrial investment.

Capital expenditure has continued at roughly the same pace since with annual operating costs rising steadily from the Kr.1bn. to Kr.1.2bn. spent in 1974.

The pulp and paper industry alone spent about Kr.650m. between 1969 and 1974 to halve its discharge of pollutants into waterways and it has seen a boom in the development of enclosed production systems, recycling and waste recovery equipment. It would be odd, if the development effort on the engineering side did not pay off in the form of export orders, all the more so now that the EEC countries have started to it usually involves the spending

of much public money: its Kr.1.9bn. (£218m.) turnover.

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One company which has made

big business out of environment technology. In this field Sweden

is something of a Mecca for in-

protection, energy technology has been described as one vast

and resource recovery pilot project because of the

authorities seeking to find out

how it is done. And yet with

quadrupled its annual turnover restoring its lakes and rivers

to some Kr.2.25bn. (£260m.)

The techniques employed are

one outstanding exception to the

decade to 1976. Part of this

increase derives from the in

many other countries except

Sweden. The export council has

chosen to concentrate its promotion

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The Management Page

THE new British Ambassador to Washington may well have had pensions, of leasehold interests, the accounting profession in and of goodwill, are problems mind last summer when he set out to find solutions. The difference in the way for decades. Yet not even an American and the British Exposure Draft has appeared on the scene. The Americans, the first two, while that on goodwill Peter Jay, try to solve their will (published nearly seven years ago) has sunk without trace.

It takes better leadership to find solutions than it does to even dealing effectively with the catch up a compromise, and the task of educating its future and leadership is what is conspicuously lacking at the top of the British accounting profession to-day as it grapples with a number of important problems.

Even the compromises are School of Accountancy, demonstrate the failure of the ink and file of the English English Institute to make a proper provision for its students' education. By contrast the paralysis of nerve among the Scottish Institute has always made of the Accounting Comptrollers Committed. If the seriously and is now in the process of the abolition of non-beneficial shareholdings in client companies as well as beneficial shareholdings.

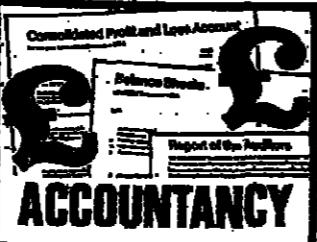
If there is indeed such a School of Accountancy, described as an abdication crowned by the impetuosity with any attempt at an objective, which the profession has dealt with the problem of auditing standards.

Abolition

It is now well over two years since the profession finally embarked upon the task of defining its standards, and despite the impetuosity which ought to have been given by the London and County Securities. But in this case its solution was thwarted by the yet to appear. Although the English Institute whose Council Americans managed to do this job 30 years ago, the British attempt is apparently stalled over the question of whether the requirement for an audit should be abolished in the case of smaller companies. The

Indeed, as the collapse of the profession's integration scheme intrated, the English Institute's unhappy knack of pulling rug out from underneath other five bodies once they're committed themselves to proposals of benefit to the profession as a whole.

Indeed, the smaller practitioners members of the English Institute are also opposed to an objective and detached view



A leading authority puts a personal view

The case for self-control

By Edward Stamp

abolition, and in a recent speech the President of the Warwickshire Society of Chartered Accountants made this point very clearly. Unfortunately he went on to argue that the Institute is seemingly yielding to Government pressure on the independence of the auditor, "apparently because the Government is pressing for the abolition of non-beneficial shareholdings in client companies as well as beneficial shareholdings.

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of the accounts upon which he millions of pounds spent every year on audit fees are justified.

It is impossible for the auditor to be independent, and therefore impossible for him to be credible, if he has either beneficial or non-beneficial shareholdings in the client company. It is absurd to argue that an auditor who has non-beneficial trustee shareholdings in a client can effectively discharge his functions as a trustee and at the same time be seen to be independent as an auditor. The validity of this point is well recognised in North America, and it is about time that it was accepted here.

The profession has a clear duty to recognise that auditors compromise their independence through these non-beneficial shareholdings. Once the auditor's independence is compromised his credibility is accountant. But if excessive that a good deal more needs to be done before even the most competitive of independence enforcement procedures can be made effective. There is little doubt that any considered to be adequate. It is indeed a pity that a committee

client company virtually mites under the chairmanship net partnership income of of a former Lord of Appeal has \$48.3m. In the case of Arthur Andersen, the corresponding been so ineffectual in helping Andersen, the corresponding profession to deal with this figure for 1977 were: indemnity insurance and litigation costs of

Even at its present leisurely pace the profession will no doubt produce a set of auditing standards within the next year or so. But even when this is done there remains the difficult problem of enforcing them. If the profession is to avoid Government regulations it must make a serious and credible effort at self-regulation. This, at the moment, it is not doing, and this is why a committee was established early last year to look into the ways in which the profession might strengthen its disciplinary procedures. This committee, under the chairmanship of a senior and distinguished retired judge, Lord Cross, reported recently.

Although the committee seemed to recognise that a profession cannot expect to command respect if it lacks the power to enforce its own professional standards, the Cross Report is disappointingly vague and inconclusive in its proposals. Its analysis is incomplete and unconvincing, and among other things it fails to bring out the fact that the disciplinary standards of the Scottish Institute are well in advance of those of the English Institute. Yet I have no doubt that the Scottish Society would be the first to admit that its credibility is accountant. But if excessive that a good deal more needs to be done before even the most competitive of independence enforcement procedures can be made effective. There is little doubt that any considered to be adequate. It is indeed a pity that a committee

There have recently been one or two well-publicised and rather unfortunate illustrations of the extraordinary zeal with which some firms of accountants are willing to pursue their competitors' clients. Clearly, it is difficult to reconcile being an aggressive businessman with being an independent public

auditor. And in the U.S. at least two of the major accounting firms (Arthur Andersen and Price Waterhouse) now publish their financial results. The most recent figures for Price Waterhouse, Accounting at Edinburgh University, 1976, show that "practice fees" (including partner in one of North America's largest accounting firms) amounted to \$41m. America's largest accounting

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pressing the Government to So even in the U.S. where limit the liability of those the exposure to risk is admittedly very much greater than it

auditors, whose work is sufficiently bad that they are in the U.K. the cost can be compelled to make financial restitutions to persons suffering from their negligence.

There has of late been a good deal of wailing and gnashing of teeth within the profession about the size of these claims. Yet these complaints carry little weight to conclude that the case for limitation of liability of British auditors is non-existent.

It would not be in the public interest to grant it, especially when the British legal system makes it so much more difficult to sue incompetent auditors.

What is now in the public interest is for the profession to put its house in order, quickly

—before the case for government regulation becomes unanswerable.

Edward Stamp FCA (Canada) is J. Arthur Rank Research Professor and Director of the International Centre for Research in Accounting at the University of Lancaster. Previously he was Professor of Accounting at Edinburgh University, 1976, show that "practice fees" (including partner in one of North America's largest accounting

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In the meantime, in lieu of \$5.8m out of fees of \$471.5m, tighter standards adequately and partnership net earnings of enforced, the profession is \$114.1m.

pressing the Government to So even in the U.S. where limit the liability of those the exposure to risk is admittedly very much greater than it

auditors, whose work is sufficiently bad that they are in the U.K. the cost can be compelled to make financial restitutions to persons suffering from their negligence.

There has of late been a good deal of wailing and gnashing of teeth within the profession about the size of these claims. Yet these complaints carry little weight to conclude that the case for limitation of liability of British auditors is non-existent.

It would not be in the public interest to grant it, especially when the British legal system makes it so much more difficult to sue incompetent auditors.

What is now in the public interest is for the profession to put its house in order, quickly

—before the case for government regulation becomes unanswerable.

Edward Stamp FCA (Canada) is J. Arthur Rank Research Professor and Director of the International Centre for Research in Accounting at the University of Lancaster. Previously he was Professor of Accounting at Edinburgh University, 1976, show that "practice fees" (including partner in one of North America's largest accounting

client company virtually mites under the chairmanship net partnership income of of a former Lord of Appeal has \$48.3m. In the case of Arthur

Andersen, the corresponding

been so ineffectual in helping Andersen, the corresponding

profession to deal with this figure for 1977 were: indemnity insurance and litigation costs of

In the meantime, in lieu of \$5.8m out of fees of

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantime, London PS4. Telex: 886341/2, 886387
Telephone: 01-248 8000

Wednesday December 14 1977

No policy for the dollar

THE APPARENT failure to monetary situation is necessary to reach any agreement at Basle not only to buy time for adjustment over the dollar problem had meant policies to work, but to immediate and predictable re-prevent excessive movements in the currency making the underlying problems markets yesterday. It is clear still worse. The Japanese authorities are balance of payments and its attempting to alter the structure of an economy geared, in terms of point of neglect, benign or of capital goods industries, to an otherwise, and that the exchange rate of domestic and world markets are now reflecting an growth which is unlikely to recur. German progress is unresolved battle of wills between the U.S. and its major partly held up by the hiatus in trading rivals. This is already having disruptive results in effective action on oil imports. Further dollar depreciation is likely to increase the U.S. oil bill, provoke the Japanese into margins to the point threatening acute recession; and there is now a danger that reduced intervention in an already demoralised market will cause an altogether excessive further movement in parities.

The U.S. claim that everyone is out of step except Jimmie has something in it, but not enough to prevent the present of U.S. stance becoming rather course, how much further the hard to bear. According to the dollar depreciation will go under American account it is Japan, present circumstances. Part of Germany—and soon, presumably, the U.K.—which are run seems to be due to the failure inappropriately balance of U.S. monetary policy to attain payments policies, and failing its own objectives earlier this to play their part in absorbing the unavoidable OPEC surplus. If their refusal to expand at an annual rate of about 12 per cent, well in excess demand sufficiently to correct of the growth of money GDP, this results in currency appreciation, and the excess seems to match reasonably well the scale of foreign intervention purchases less price stability, that is their choice: the U.S. by abstaining from protectionism, pursuing a responsibly restrained monetary policy, and pushing through an energy programme as fast as Congress will allow, is doing all that can be expected.

The mistakes

The Administration will certainly not do anything to restrain U.S. growth in the cause of harmony, and so compound the mistakes which it claims are being made across the oceans. What this version of affairs leaves out of account is that all the countries involved, including the U.S., face unresolved problems of adjustment; meanwhile, the currency turmoil reflects these failures of adjustment rather than the underlying economic aims of the countries concerned. Concerted action to control the international turn malignant.

However, floating currency markets have shown a tendency, like other financial markets, to suffer excessive confidence swings, and action is needed to improve the credibility of the dollar. The most effective, as the Administration well knows, would be quick enactment of its energy programme. Falling this, official endorsement of current U.S. monetary policy—reaffirming Dr. Arthur Burns in office would be one way—would end damaging uncertainty. Most urgently needed, perhaps, after Basle is some clear sign that the U.S. Administration does regard the external value of the dollar concerned. Concerted action to control the international turn malignant.

The savings enigma

THE LATEST index of industrial production, for October, shows a quite sharp fall on the level of consumption in the past on the level of consumption. It is well known that the size of this ratio has an important influence on the behaviour of savings and consumption.

An article in the Bank of England Bulletin last year examined these possibilities. It concluded that forecasting performance would be significantly improved if account were taken of personal liquid assets. It also suggested that the savings ratio should decline in the short run as the rate of inflation fell, especially if liquid assets returned to a more normal relationship with income. But what is normal? The latest Midland Bank Review points out that, despite the rising proportion of income recently spent on acquiring liquid assets, their level in relation to that of the 'sixties is still low. If consumers sought to restore the old relationship, this might keep consumer expenditure depressed.

Trade credit

There is, however, another possibility. It is well known that it is difficult to match the figure of personal savings as a difference between disposable income and expenditure with known changes in particular forms of saving, and that the "balance in item" fluctuates sharply from year to year. One possible explanation is that the official personal savings figures include unincorporated incomes has been faster than usual. A more plausible version of this is that, however, is also more difficult to test—is that the movement of trade credit.

The Midland Bank suggests that when accompanied by a recent rise in the savings ratio may have been due to a rising level of unemployment. This may be due to a large number of trade credit squeeze in which case, what will happen to their real incomes and inclines them to of course, forecasts of future income more as a hedge against consumption levels will have to the future. The second type of give greater weight to purely theory puts more emphasis than monetary factors.

Ageing model range compounds Leyland's difficulties

By TERRY DODSWORTH, Motor Industry Correspondent

WOLKSWAGEN stood on the brink of a financial precipice for a brief spell of about two years in the early 1970s. It escaped mainly because of a remarkable feat of redesign which saw the launch of a whole new range of cars in a period of about three years. A very similar engineering challenge is facing British Leyland to-day as it soldiers on with an ageing product range in the face of mounting international competition.

These product weaknesses at Leyland have been obscured to some extent by the bad industrial relations and low production of the last two years. Because Leyland has made fewer cars this year than last, it is impossible to prove objectively that its declining market share is due to unfavourable customer reaction to its range. But the subjective evidence is overwhelming. It ranges from savage criticism among the company's component suppliers, many of whom have a vital interest in Leyland's survival, to the fact that influential dealers are taking on alternative franchises, and that one or two models in free supply are having to be discounted heavily in order to sell.

All the indications are that the main mass market cars—the Mini, the Allegro, the Marina and the Maxi—are no longer effective competitors when lined up against their international counterparts.

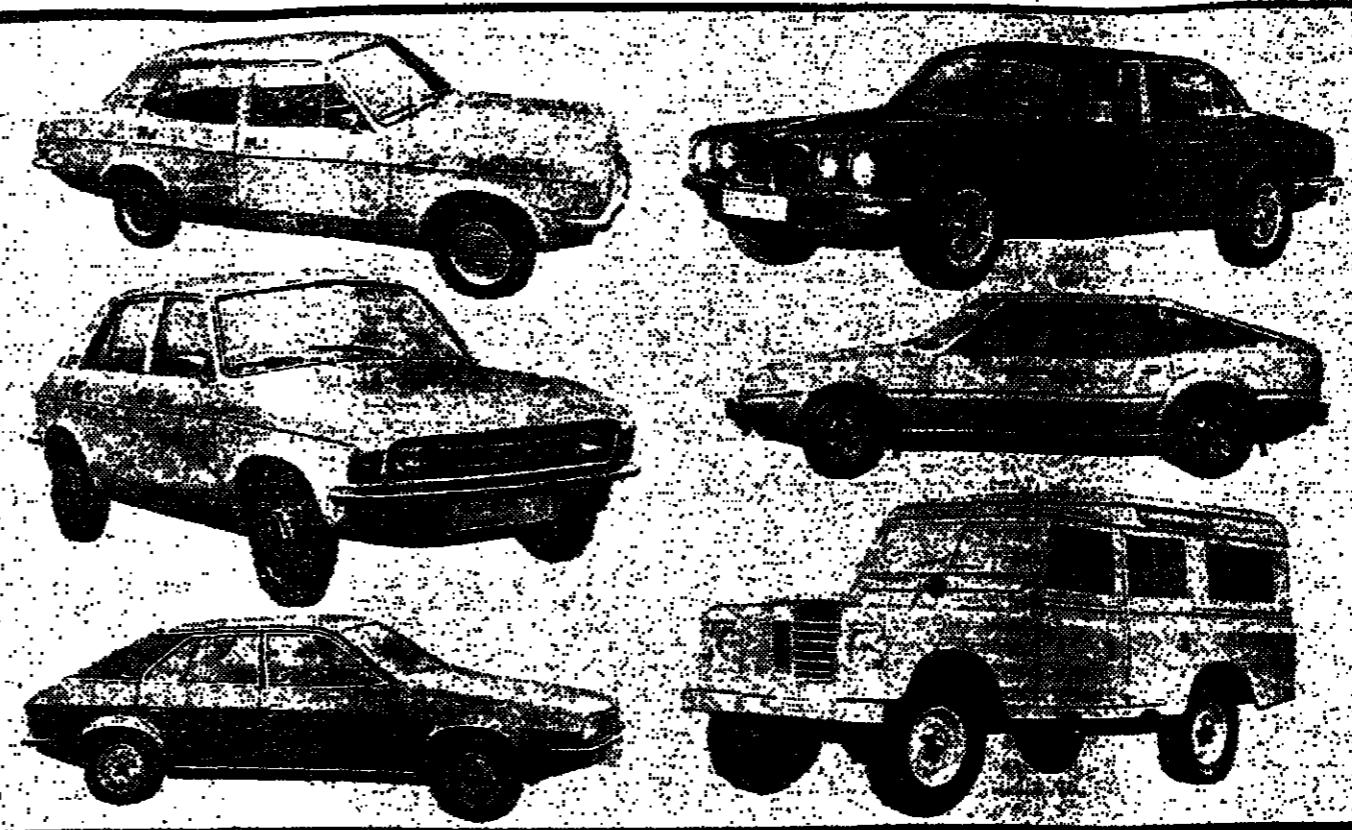
The specific areas of weakness picked on by the critics include the following:

• Leyland does not have a really strong contender in the large volume fleet market. The Marina, launched seven years ago, and little changed since then, is outgunned by the Ford Escort and Cortina, and, increasingly, the Vauxhall Cavalier. At the same time the Continental importers are beginning to nibble at this sector of the market.

• The Princess model, after a promising start, has run into a spate of mechanical problems which are ruling it out of many company fleets. The car has performed so badly recently that dealers up and down the country are now offering huge discounts on it. Henrys in London has been advertising £400 worth of free extras on a new model.

The result is that many company buyers in Britain are now being forced to switch reluctantly to imports. "We used to specify only British cars," says one managing director of a Midlands company which is highly dependent on Leyland for survival. "But at the last meeting two months ago I threw the policy open to vehicles like the Renault 30 and the Audi 100. What else could I do?"

• The Allegro model has been a great disappointment, both because of its styling, which has never caught on, and



Problem models and successes: The three models on the

left, the Marina (top), the Allegro and the Princess, are not competing well. The Jaguar (top right), the Rover and

Land Rover are specialist vehicles with a strong demand.

its initial quality problems in the tooth. It also has a which still rankle in the collect-pleasant executive car—the sub-conscious of the British Rover—but it can't make it.

In between, it has nothing."

• Continual bad publicity has led to a serious credibility gap one probably carries the most over the future of the company. This has had a serious effect on fact that Leyland is stuck with a number of private motorists actively seeking out Leyland for the next few years. On

only be fully mobilised the rot plan has now run into acute problems of timing. All the

certainty which Lord Ryder brought to the model policy in his celebrated report has since disappeared under the pressure of periodic investment freezes, labour disputes and policy reviews. The plans have slipped, competitors are forging ahead, and the new models, when they do now, will be too late.

Whatever the strength of this argument, however, the fact remains that Leyland itself has recognised the need for a radical change of its model range. This requirement was sketched out in the Ryder Report more than two-and-a-half

years ago, when the controversial decision to proceed first with a replacement for the Mini model was taken.

Since then, Leyland has developed plans for a coherent range of new cars based on five basic models. The idea is to have a Mini, a new medium-size vehicle

to replace both the Allegro and

Marina, a Princess-type vehicle,

a Rover and a Jaguar. The managing director of Leyland International, which sells

the all of the company's overseas sports cars will be additional to cars. The importance of the these, but they, like the rest of the range, will use a great number of common parts.

There is nothing particularly novel in these plans. When completed they will give the company a variety of products much

on the lines of the present Volkswagen or Fiat ranges, and

models in the all-important medium-range sector.

On the Continent the cars are badly out of touch with current public taste, and have fallen leagues behind their European rivals in their level of sophistication.

The lack of a hatchback model of the Allegro is particularly bad. But at the last meeting two months ago I threw the policy open to vehicles like the Renault 30 and the Audi 100. What else could I do?"

• Leyland's survival is dependent on Leyland for the next two or three years. Leyland's survival, it is now accepted, is largely bound up with how successfully it can project itself as a European-style company, selling a range which is acceptable on the Continent as well as in the UK.

The trouble is that this can

which would be manufactured in much the same way. The Ryder

team recognised the demand for this change not only as a means of defending Leyland's UK position, but also to carry the contest to the Continent, where the main thrust of its overseas marketing was to be re-directed.

Leyland's survival, it is now accepted, is largely bound up with how successfully it can

project itself as a European-style company, selling a range which is acceptable on the Continent as well as in the UK.

The trouble is that this model

quality cars is obviously one of the options which Leyland could exercise. But it would mean that he would also have to grasp immediately the need of poor productivity and re-manning in the volume car division. The approach worked in the Ryder Report was to maintain the status quo of factories and to bring in a range of models made in sufficient numbers to justify the level of employment. With this promise of a range of high-volume models, the company will have to begin scaling down its labour force to meet a lower market position.

The second option is to plod doggedly on with the present plans and gamble on the company eventually coming right. To Leyland supporters this is the most appealing alternative, since it accepts the need for the company to be given time to solve its problems.

The trouble with this approach is that it implies a heavy level of Government subsidy, it is to be made to work. The elements in the product range are going to look even more dated in a couple of years than they do now. The only way selling them then will be to pare prices to the bone, something which was not budgeted for in the original Ryder expenditure proposals.

The third option might be to enter some sort of licensing for Leyland models which will tide the company over for a few years and help with its development programme. Some analysts believe that in the long run something of this kind will happen: the European model will need to get together in a face of U.S. and Japanese petition, they argue, and Leyland has already started joint component development programme with Renault.

So far, Mr. Michael Edwards, the new chairman of British Leyland, has clearly recognised the urgency of the problem by demanding yet another model review. This has been placed, significantly, under the overall direction of Mr. David Andrews, the managing director of Leyland International, which sells

the all of the company's overseas

planning with the needs of

export sales very much in mind;

and, at least until a few months ago, he was heavily in favour of giving priority to the new medium-range car rather than the new Mini.

Leyland International's long-standing objections to the Mini-first strategy is based on the belief that it can only build a new position for the company on a low, attainable target. On the other hand, he is in favour of a gimmer of a longer-term programme designed to bring Leyland's size to that of the most popular cars in Europe, and a company without an effective model of this size in its armoury is at a great disadvantage.

A broad strategy based on consolidation before new growth

can take place.

MEN AND MATTERS

Clive's pocket pride

All workers are equal, comrades, but some are more gilded than others. Yesterday I met a proud possessor of what may be the grandest pocket diary in trade union history, bound in calf leather, embossed in gold, and with gilt corner binders. It bears the name of the Association of Scientific, Technical and Managerial Staffs, whose general secretary is Clive Jenkins, the art lover, bon vivant and indefatigable militant.

Started at the thought that ASTMS was handing out these diaries far and wide, as part of the Jenkins's drive to capture more executive members, I rang his office. It seems that the upmarket diaries—300 or so—are given to senior officials of the union and some influential friends. Rank-and-file members are able to buy a more attractive, luxury car—the country (more than 2,000 Jaguar—which is growing long outlets) and that if this can



"Surely when it comes to squandering money we don't need help from the French!"

that when he has finished a book he is working on, he will return to TV or radio, but at the moment he is too involved with the strike to respond to offers he has had. He has been especially touched by letters from firemen's wives—many of them very bitter. "Whatever happens," he says, "it will take a long time to heal the wounds of the fire service, especially between the men and some officers." Honeycombe is evidently anxious about giving up what he calls his "newman's objectivity" for the strike cause, but says he has received only two letters attacking him for it.

Strikers' friend

The first signs that the firemen may be starting to break ranks were watched more in sorrow than anger yesterday by the man who has become identified as their public champion, Gordon Honeycombe, who left his ITN job dramatically as the strike began a month ago, says: "The men in the county brigades have been quite isolated and under particular pressures." But he claims that there is a much greater "steely resolution" in the cities—a view he bases on constant visits to the pickets, especially in London.

I asked Honeycombe whether

Argentina on January 15, the Fall from grace

Hesketh Formula One car (which former British ski star Davina Galica is to drive) will be powered not just by its de rigueur Ford engine—but by a six-figure financial injection from the Japanese Olympus camera concern.

Between 1972 and 1975, the potty and amiable Hesketh used a reputed £400,000 of personal funds in a vain bid to win the world championship for Britain without benefit of commercial sponsorship.

By 1975 the Hesketh car had managed to finish fourth, and launch its driver, James Hunt, on to the world championship trail. Then the funds ran out. A five-minute spot on the BBC's Nationwide TV programme at the end of 1975, which was little more than a direct appeal for funds, served only to show that the British love of amateurism extends only so far down the trouser-pocket.

The 1976 project, by contrast, fits in exactly with the harsher economic realities which have confronted Hesketh Racing during the past two years. Five Formula One cars have been built this year for various customers on Hesketh's Towcester estate, hard by Silverstone circuit. But Hesketh expects to be able to concentrate on the Olympus car as a research and development vehicle for the self-sustaining commercial engineering business which he is hoping to build up and expand in the near future.

"We (that is mainly Hesketh and his chum and business partner, 'Bubbles' Horsley) decided at the end of 1975 that we were no longer going to lose money," Hesketh said at the Olympus project's London launching yesterday. "In 1972

Lord Hesketh has finally lost the altruism with which he so often fiercely attacked the competitive world of grand prix racing on behalf of British amateurism during the early 1970s.

Just how serious should be come clearer after that first

race on the opening round of the Formula 1 world championship in Aires.

Northampton can improve your situation

—it has for

Carlsberg

Northampton is in an excellent situation, on the M1 near the M6 junction, with easy access to major ports and airports and about halfway between London and Birmingham with 50% of British industry within 100 miles radius. It is also an inland port with full Customs and Excise facilities. The industrial labour relations record of the town is one of the best in the country.

Northampton is an established market town and regional growth point. The expansion programme ensures a continued supply of sites, factories, offices and also homes for incoming employees.

The long established amenities, supplemented by the new, give a rich environment for living.

Eight years ago Carlsberg wanted to set up a new brewery in the UK, their biggest one outside Denmark. They looked at Northampton and liked it. So they built architectural award-winning premises and now their production has doubled.

Mr Michael C Ingl, the Managing Director says:

"As a nationally marketed brand and with distribution requirements becoming even more important, central location was a prime requirement to Carlsberg."

If you want to improve your situation, find out more about us, phone 0604 34734 or write to: L Austin-Crowe, Chief Estates Surveyor, Northampton Development Corporation, 2-3 Market Square, Northampton NN1 2EN.

Observer

Christopher Parkes examines the reasons behind the resignation of FMC's top bacon executive

Keeping the Danes from the door

BRITISH farmers like to mind reduction in the price they were paid for the pigs they were many of their troubles supplied—mostly under contract. And that, it seems, is also true to the bacon curers, ham what led to the startling events canners and luncheon meat last week when Mr. H. M. makers. ("Bill") Newton-Clare stumped The National Farmers' Union, whose Development FMC—formerly the Fatsstock Trust holds more than a 70 per cent. share in the FMC, boiled him in, but said nothing pub-

lly. The FMC is Britain's biggest meat business and is virtually owned by British farmers through their union's Development Trust.

Mr. Newton-Clare, Chief Executive of the Harris Division, the indignant NFU Press office of the FMC, was hailed as something of a saviour for the company—which had had a history of mixed fortunes—when he joined the Board from Scotland in 1976.

His 20 years' experience at the "business" end of the meat trade were regarded as an valuable asset from which the FMC could only profit.

The FMC and the other curers kept mum. No formal proposals had been tabled for a price reduction. But the clash of interests between the farmers and the meat industry was once more causing visible friction. The sparks flew, but only briefly. The pigmeat processors promptly shelved their plans for a negotiated cut in the pig price.

The most recent concrete evidence of the troubles that followed led to last week's wholly justified claim. The conditions necessary to trigger a break clause in the formal manufacturers' Association of bacon contract between farmers and processors had been ful-

filled. But without the solid for depressing the price they set for the profit of the FMC, had a hard time negotiating a new price.

Meanwhile, the Department of Employment continues to negotiate a new price for £20-a-week-a-head job sub-

sidies to keep an estimated 30,000 workers in the formal speech at the per cent of its 8,000 workers

employed, he also dropped the hint that pig farmers stagger along as best they can, "at a loss of £100 a tonne first hand subsidy which enables the

government to accept a many still living on the pro-

verb "pig in Brussels as

subsidies from the national Agricultural Exchequer. Last spring he broke the EEC rules by topping up pig farmers' prices from the national purse. And Community law or no, in the absence of concessions about the way the bacon MCA is calculated, he might find himself forced to risk it again in the New Year.

The MCA, intended to balance being pressed in Brussels by influenced by other factors such as the monetary differences between Britain and Denmark seeking an MCA reduction and other sectors of the meat industry, as the principal elements of national farm policy. To break even the FMC and condemned by U.K. farmers and importers complained that need £1,100 a tonne first hand subsidy which enables the imports were responsible for their bacon from whole Danes to undercut the British structure.

The Commission in Brussels has been "studying" the alleged ahead. Given this information, distortions for a matter of some idea of price changes is

months, but has so far failed to also available.

satisfy itself that Mr. Silkin or the farmers or curers have a justifiable complaint.

Mr. Newton-Clare himself recently paid a visit to Brussels in an abortive attempt to keep down EEC farm prices at the spring review, for a small

gain on domestic pigmeat he might find himself losing heavily on the price review.

Because it holds such an important position in the British meat industry, the FMC plainly cannot be allowed to fall into decay, and it is in the special interest of the farmers who control it to ensure that it is run as far as possible as a profitable, fully-integrated part of the meat business.

FMC shares have had a history of mixed fortunes. Even

the relatively sparkling performance the company put up in the year to May 1, 1977—when

pre-tax profits were well up on the previous year—did little to help.

"Bill" Newton-Clare's surprise departure on the eve

of what promises to be a year of shrinking profits, and the

impending announcement next Tuesday of what many experts

suggest could be a "pretty terrible" half-time result, promise

to do even less to improve the image of FMC in either the public's or the farming community's eyes.

FMC—BRITAIN'S BIGGEST MEAT TRADER

● Founded by the National Farmers Union, the FMC was first publicly quoted in 1962. It does not belong in the usual run of public companies. The NFU, through the NFU Development Trust, has long had an influential stake, and most of the other shares have traditionally been held by individual farmers.

The power of the farmers was demonstrated most forcefully last April when they drove off Thomas Borthwick's £14m. bid to take the company over. When the takeover fight started the Trust held 40.9 per cent. of the company. They quickly reduced this to 37.9 per cent. and stubbornly refused to sell. In the end Borthwick gave up and sold the shares it had accumulated to the NFU Development Trust.

The Trust secured its position and ended with 73 per cent. of the shares. The remaining 27.7m. shares are in the hands of around 10,000 private individuals.

● FMC is involved in every stage of meat processing. Through its subsidiaries and associate com-

panies it slaughters beef and pigs in Britain and Ireland, sells skins, makes tallow, fattens broiler chickens, deals in wool and exports and imports meat and meat products.

● Through its Harris, Wiltshire Bacon Company and other subsidiaries it has a major stake in British bacon and ham curing, meat canning, pig and sausage manufacture. And as well as wholesale importers and its huge refrigerated transport fleet, FMC has a sizeable share of several major pig farming companies.

● The company handles about 15 per cent. of the U.K.'s non-retail meat trade, with the rest scattered among many smaller companies. Many of the 1,900 abattoirs in Britain are still private concerns. The FMC also produces almost 30 per cent. of British bacon.

● Among its main competitors are the Danes, who, through Danish Agricultural Producers have almost half the British bacon market.

Letters to the Editor

Surrender to Japan

Mr. E. A. Hammond.

—The 20-column inches of trivial sneer ("A ridiculous surrender"—December 8) must a record even by the declining standards of the more popular press.

The balanced report of the shi affair in Max Wilkinson's "Analysis could hardly have read, certainly not understood, by your leader-writer. His acceptance of Japanese treachery and advocacy of their nests is reminiscent of those a sapinely surrendered National Housing Aid Trust.

Houses and homeless

From the Director, Shelter

National Housing Aid Trust

Sir—While I am pleased that

Mr. Royals supports the view

that there is considerable scope

for dealing with homelessness by

the encouragement of a

strengthening pound and the

repair of investment structures

after thirty years of exchange

control. This is not cuckoo clock

stuff.

Daniel O'Shea.

93, Palace Hill, S.W.14.

over his alternative to the men—and call itself a bank—by modifying its sales organisation and accounting procedures.

What Mr. Harris does not discuss, but must know well, is that Governments cannot

see Britain use its new North

stage manage continuous real Sea oil wealth to become a growth. Such a phenomenon

depends on factors (such as

Nicolas Travers.

Birchfield Cottage,

Middle Green,

Slough.

Contracting in or out

From the Pensions Development Manager, Arrow Assurance (Pensions).

Sir—Although I am unaware of the precise terms of the Motor Agents Associated

national motor industry pension plan, may I nevertheless heartily endorse the underlying sentiments and philosophy of Mr. Bost's letter of December 5.

Any State Scheme (as opposed

to an approved contracted-out private arrangement) must

inevitably suffer the in-built disadvantages of being remote, impersonal and inflexible, and of only providing the rock-bottom benefits required by law.

Ideally, therefore, its role should be confined to that of a fall-back scheme, available for those denied the much greater scope and opportunities of the private

scheme.

Approximately 5m. employees work for firms employing less than 25 people, and it is virtually certain that an overwhelming majority of them will become members of the new State Scheme on April 6, 1978.

The hazard that this is necessarily the right decision needs to be vigorously scrutinised.

Why should employers of 20 per cent.

of the working population be denied equal opportunity to provide the same privileges of employment as their bigger brethren?

The Birmingham Chamber of Industry and Commerce has also persisted in the development of its centralised pension plan for members of Chambers of Commerce which themselves are members of the Association of British Chambers of Commerce, and which was reviewed by Eric Short in his article of November 2.

We are most encouraged to learn that the MAA have also accepted the challenge.

In the final analysis, the potential doubts and fears being voiced by the merchants of doom, are fundamentally applicable to any scheme, State Scheme or otherwise. I am sure that those responsible for the exploration and development of the North Sea oilfields, could have produced a terrifying catalogue of potential hazards and reasons why it would be risky to get involved. We believe we have assessed the dangers of the new pension legislation in a careful and responsible way. The Chamber Pension Plan is constructed in a manner finely tuned to the changing circumstances of each participating employer, and the changes relating to the underlying funding assumptions. In this way, employers will be able to take appropriate remedial action far more quickly than would be possible under normal pension arrangements.

Such action always includes the option to change the contracting-out decision.

The policy division replied on April 15 (reference T1048/10/77) that a company would qualify as a bank for the purposes of the Act if it satisfied the Revenue that it is in fact operating the full range of banking business, including, for example, the provision of current account and cheque book facilities for

customers other than its employees, not necessarily partners or associated companies.

In other words, any company with branches open to the public, which owes money to customers other than employees, is likely to be a bank.

He is right in principle that Swiss cuckoo-clocks which customers have overtake him in the ruins of Vienna. However, the forms would qualify. I imagine

P. J. Mulie.

Circle House,

30, Uxbridge Road, W.12.

Handicapped students

From the Chairman,

Notional Bureau for

Handicapped Students.

Sir—I was very pleased to

read your report on the recently

published NEHS policy state-

ment "An Educational Policy

for Handicapped People."

The NBHS was set up two

years ago and has already made

a considerable impact in work-

ing to improve opportunities in

post-school education for handi-

capped people.

Your readers may care to

know that, in addition to the

education statement, the NEHS

is preparing a policy state-

ment on the employment of handi-

capped people. It is doing so

because it believes that every

effort must be made to ensure

that wider educational oppor-

tunities for handicapped people

result in improved employment

prospects.

The NBHS has already

attracted wide support from

educational institutions.

It is now looking for additional

support from industry, com-

merce and the public services.

Dennis O'Farrell.

The Lazarus Foundation.

40, Brunswick Square, W.C.I.

which remains as the new North Sea oilfields, could have produced a terrifying catalogue of potential hazards and reasons why it would be risky to get involved. We believe we have assessed the dangers of the new pension legislation in a careful and responsible way. The Chamber Pension Plan is constructed in a manner finely tuned to the changing circumstances of each participating employer, and the changes relating to the underlying funding assumptions. In this way, employers will be able to take appropriate remedial action far more quickly than would be possible under normal pension arrangements.

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In other words, any company with branches open to the public, which owes money to customers other than employees, is likely to be a bank.

It is never too late.

30, Uxbridge Road, W.12.

Cuckoo clock monetarism

From Mr. Daniel O'Shea.

Sir—Anthony Harris, in his

London column of December

6, seems anxious to prove

monetarists, not necessarily

branches open to the

public, which owe money to

customers other than employees,

is likely to be a bank.

He is right in principle that Swiss cuckoo-clocks which customers have overtake him in the ruins of Vienna. However,

COMPANY NEWS + COMMENT

LRC up 9.7% midway—£4.3m. rights

ON SALES ahead from £12.37m. to £15.66m., LRC International lifted pre-tax profits by 9.7 per cent. from £3.77m. to £4.13m. for the six months to September 30, 1977, and the directors also announced a one-for-one rights issue of 10p per share to raise some £4.3m.

Half-year figures for 1976 included exchange gains of £330,000. In the current year provision has been made for exchange losses of £103,000. The directors say that trading prospects for the rest of the year should continue to be reasonable. Profits for all 1976-77 came to £7.71m.

The interim dividend is lifted from 1.25p net to 1.30p and a final of 1.55p (2.175p) is expected on capital increased by the rights issue.

Half year: 1977
1976
£m.
Sales 12.37 10.00
Group sales 45.91 42.70
Trading profit 4.75 3.77
Dividend payable 2.13 2.13
Profit before tax 4.13 3.77
Tax 1.78 1.69
Net profit 2.35 1.98
To minorities 1.29 1.19
Extra-ord. debts 9 1.19
Attributable 1.57 1.54
Dividends 629 438

£ Credit.

Since September 30, litigation with Cadbury Schweppes arising out of its acquisition of Courtenay Wines (International) has been settled. LRC has paid £300,000, together with interest, to respect of Courtenay. In addition, Cadbury Schweppes has retained £180,000 otherwise due to LRC in full and final settlement of its claim. Consequently, a further £373,000 will be charged as an extraordinary item in the full-year accounts.

The proposed rights issue will not be underwritten, say the directors. The basis of issue will restore the ratio of capital to total capital and reserves to a more desirable level.

Group borrowings have been high in recent years, and in this year have been running at some £20m. This has been necessary to finance increased working capital requirements caused by inflationary pressures and the expansion of output from existing plants.

Although the level of borrowing has been reduced by conversion of approximately £1.5m. nominal of the formerly convertible 8 per cent. unsecured loan stock in October, there is still a high level of dependence on bank borrowings which amounted to some £12.6m. on November 23. The directors believe that it is now appropriate to increase the level of capital spending on new manufacturing and distribution facilities both in the U.K. and overseas, and have authorised expenditure on projects amounting to £5.2m.

The directors consider that the equity base should now be broadened to enable this programme of expansion to be funded without significantly increasing the overall level of borrowings of the £9.36m. achieved in the cor-

INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
Archimedes Trust	21	8	Moorgate Inv.	24	5
Baggeridge Brick	24	5	North British Steel	24	5
Cawoods	20	4	Property Holding	21	3
Concrete Ireland	24	4	Serk	21	4
Crown House	24	3	Sherman (Samuel)	21	5
Dublin Bank	21	3	Smith & Nephew	20	7
Fuller Smith	21	5	Smiths Industries	20	2
Imperial Gas	23	3	Stanhope General	21	2
Ind. Computers	21	1	Stanhope Holdings	21	6
K Shoes	20	3	Wace Group	21	4
LRC	20	1	Ward Inv.	24	3
Mitchell Cotts	23	3	Wilson Bros	21	7

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Year
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ICL sales soar and profit exceeds £30m.

THE ONLY modest benefit from ice increases overall sales of £1. soared by 45 per cent. from £15.3m to £41.8m. for the year September 30, 1977. Profit rose 31 per cent. to £30.3m., compared with £23.1m. last year. A surplus was £2.5m. higher at £m.

UK turnover for the year was 10 per cent. ahead, but overseas turnover jumped 85 per cent. to £1. The period included the benefits of acquisitions from the year.

The group has started the year with a larger order book than ever before and given an improvement in industrial relating to the directors' statement of further significant

turnover for the year was up 10 per cent. and the net total profit is stepped up to £42.25m. (p) with a final of £4.225m. (p) Co. and NEB each holds 2 per cent. of the capital during the year the outstanding £11.7m. of the 8% per cent. loan was repaid at year end and the group had a cash balance of £1.4m. With the introduction of finance from its bank strength the company is now well placed to finance operations in the period ahead, directors say.

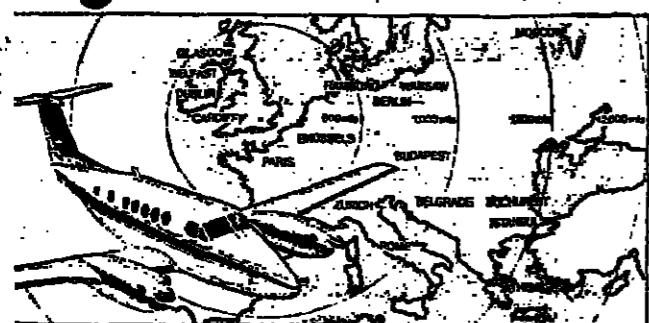
We purchase prices for the messes taken over from Singer have been almost settled. They are £1.9m. and are largely respect of resalable inventory.

group has also acquired the processing equipment which was used in the time, for £m. Singer is to be paid for a share in the revenue the equipment and other costs be more than adequately covered by the net cash generated from the assets acquired, the short state.

Pre-tax revenue of Stanhope General Investment Company for the half year to September 29, cent during 1976/77, rose from £4.222 to £5.613. The Administration expenses and debt recovery, including the interest and loan stock interest current operations they are the two overseas marketing, up to 1.6p (2.8p), net per 25p shares each reached £100m. share and the directors forecast

Midterm rise for Stanhope General Inv.

One investment that rings immediate returns.



Mr Bamberg, Chairman of Eagle Aircraft Services, announces the new Super King Air 200C (CONVERTIBLE)

The new Super King Air 200C (Convertible) is the business aeroplane combining the highest level of flexibility with the greatest degree of economy. The Super King Air can now convert from a VIP "flying boardroom" 6-8 passenger configuration to a high density 12 seat comfortable commuter. Seat/mile costs are comparable to scheduled airline.

IMITED This vital piece of business equipment reduces executives' travel time and expense by establishing daily services to frequent business destinations, depots and sites and maintaining communication with provincial and overseas customers or associates.

For full details or a practical demonstration, please call Neil Harrison or Monica Tomlins at Eagle.

Eagle Telephone: 01-834 2222 Telex: 834 2222 Fax: 01-834 2222

Before you mow the lawn with it, use Smurfit print and package it.

Star Prize award winning corrugated cases, designed with Birmid Qualcast for their lawn-mower range. Just one of the many everyday products produced by the specialist companies within the Jefferson Smurfit print and packaging group.



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80 operating units employing 9,000 people.

Serck turns in £9.32m.

sales for the first time. Sales of small systems and terminals, including the products acquired from Singer, account for a higher proportion of orders obtained overseas than in the UK.

Many new customers are being gained and this augurs well for the future. Of the larger systems, the 2800 launched in 1975/76 did particularly well with nearly 70 new orders.

Output from UK factories was restricted by labour disputes, and fell below plan for much of the year.

The U.S. factory at Utica, acquired from Singer, had a successful year and met all its targets for output and profit performance, the directors report.

INCLUDING other income net of administration expenses, amounting to £100,000, against a £16,000 debit last time, Property, Plant and Investment Trust and available revenue by £211,000 to £1,082,000 for the half-year to September 30, 1977.

The directors are now confident that the expected 10 per cent. growth above last year's record £1.7m. will be exceeded by a "useful margin".

The continuing sales of data and the investment of Thorneycourt, W3 and Tack House, SW1, have contributed additional cash resources which have increased the excess cash and deposits by £2.5m. (cash and deposits less borrowing of £1.1m.).

Accounts have been prepared in accordance with SSAPs relating to valuation of stocks and work in progress. Figures for 1976 have been adjusted to comparable bases.

The directors say the results reflect an excellent achievement in market conditions which were far from ideal. But overseas sales and profits increased at a greater rate than those from the UK and 52 per cent. of profits are now earned in overseas markets.

World markets for the group's products, particularly for industrial valves which account for some 40 per cent. of sales, remain difficult and there is as yet no sign of an improvement. The UK industrial scene is also difficult. The start of the current year has not been encouraging and prospects are uncertain. They tell members and a concerted effort will be needed to match the results achieved last year.

See Lex

IN LINE with the forecast of net profit will be increased by the maximum now permitted. Last year's final was £1.84m. and tax profits by 20 per cent. from £1.14m. to £1.33m. for the year to September 30, 1977, after £4.4m. turnover for the year expanded from £57.9m. to £78.4m.

Earnings are shown to be up by 27 per cent. from 8.5p to 12.1p per 25p share and the dividend is halved from 2.41p to 5.94p per share with a final of 3.94p. Treasury permission was obtained during the year for total dividends of 3p gross in light of the contested bid from Associated Engineering which subsequently lapsed.

Gross sales £107.71m. Profit £1.84m. Interest 8.5p. Dividend 2.41p. Interim dividend 5.94p. Proposed final 3.94p.

At the year end, Serck employed 1,000 people, 524m. (23.4m.) and borrowing and deposits were £2.5m. (cash and deposits less borrowing of £1.1m.).

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See Lex

Wace Group rise after six months

First-half 1977 pre-tax profits of Wace Group rose from £7.0m. to £7.5m. (£1.5m. turnover of £1.15m. and 50.5m. net assets).

To reduce disparity the interim dividend is increased to 0.73p (0.44p) net per 25p share—last year's final was 0.69p from profits up from a record £31.190 to a record £122,400.

The Board states that because of a cancelled export order, the contribution by the toy division will be disappointing but group profits as a whole have been maintained at a similar level to 1976. The corresponding period in 1976 was shown to be up 47 per cent. from 2.26p to 3.33p.

The final dividend is 1.35p per share gross for a total of 1.625p (2.25p).

Mr. T. Kenny, the chairman, says he expects next year to show again a record profit.

The biggest sector profit earner in the group is investment banking. During the year advances increased from £5.5m. to £8m. Secured lending also increased from £4.8m. to £5.8m.

Cash balances and Government stocks at the year-end exceeded £3.5m. This unduly high liquidity is likely to reduce if the present resurgence of business continues, says the chairman.

The bank has been granted authorised trustee status, which will make it possible for many new depositors who were previously restricted to put their funds with the bank.

The chairman points out that the recent upsurge in money supply and lending may prompt some restraint from the Central Bank which could retard the bank's rate of growth.

See Lex

SHARE STAKES

J. B. Eastwood—124,200 shares transferred from the Eastwood family, settled to various beneficiaries. Balance in hand now 2,859,500 shares (11.4 per cent.). Foreign and Colonial Investment Trusts, including its subsidiary 184,332 (10.326 per cent.); Alliance Investment Company 165,000 (5.882 per cent.); River and Mercantile Trust 100,000 (5.602 per cent.); General Investors and Trustees, including its subsidiary 83,334 (3.558 per cent.).

Edinburgh and Dundee Investment Funds—British Rail Pension Funds now 110,000 Ordinary shares at 10p.

Blundell-Pembroke Holdings—

British Assurance has acquired further Ordinary shares, bringing total holding to 462,500 (7.241 per cent.).

A. Monk and Co.—Sain Piran has purchased 75,000 Ordinary shares and now holds 760,000.

Marshall's Universal—West of England Trust has disposed of 230,041 new Ordinary shares, and now holds together with subsidiaries 255,208 shares (2.62 per cent.).

Second City Properties—Scottish Amicable Assurance Society has purchased a further 1.7m. Ordinary shares. Total holding now 3,092,001 (25.37 per cent.).

Crosby House Group—31 and G Recovery Fund holds 74,500 Ordinary shares (9.52 per cent.).

Thomas White—Midwest SA is interested in 2.2m. Ordinary shares (25 per cent.).

Marshall's International—Mr. G. Godwin, director, sold 12,500 Ordinary shares on December 7.

Rowntree Mackintosh—Trustees of the Joseph Rowntree Memorial Trust have disposed of 25,000 Ordinary shares at 41p. They are now interested in 3,975,000 shares. The company's chairman, Sir Donald Barron, a trustee.

Scottish Widows Investment—

Edinburgh Securities company has acquired a further 100,000 Ordinary shares and now holds 425,000 (6.07 per cent.).

Edinburgh and Dundee Investment—British Rail Pension Funds has acquired 12,500 Ordinary stock units at 18p.

G. R. Davies (Holdings)—H. A. Davies, N. G. Davies and D. M. J. R. Davies have each sold 5,000 shares in which they had a beneficial interest at 55p per share.

John I. Jacobs—Mr. John I. Jacobs and family interests now have a beneficial interest of 2,075,000 Ordinary shares (11.176 per cent.). Mr. Jacobs having purchased 925,000 shares between December 7 and 12. In addition Mr. Jacobs has a non-beneficial interest in 200,000 Ordinary shares.

Alfred Lockhart-Dawson Day Group has increased interest from 174,000 to 176,500 shares (2.22 per cent.).

George M. Minetts—Mr. D. S. Greenfield, director, disposed of 25,000 Ordinary shares on December 5. The shares were taken up by a leading institution.

The war that never ends

We British are a peaceful people. When a war is over we like to consign it to the history books—and forget it.

But for some the war live on. The disabled from both World Wars and from lesser campaigns, now all too easily forgotten: the widows, the orphans and the children—for them their war lives on, every day and all day.

In many cases, of course, there is help from a pension. But there is a limit to what any Government Department can do.

This is where Army Benevolent steps in. With understanding. With a sense of urgency... and with practical financial help.

To us it is a privilege to help these brave men—and women, too. Please will you help us to do more? We must not let our soldiers down.

The Army Benevolent Fund
for soldiers, ex-soldiers and their families in distress
Dept. FT, Duke of York's HQ, London SW3 4SP

Stenhouse finishes with improved £4.95m. net

THE ONLY modest benefit from the forecast of net profit will be received by the full group is yet to receive the full benefit from recent investment in new plant and machinery, the directors state.

After tax of £5.000, compared with £51.89m. against £12.47m. and, and dividends and data communications, coupling with lower holding and instrumentation products.

The new company will also be responsible for a number of specialised activities in industrial and data handling.

Holdings listed net profit from specialised activities in industrial and data handling.

The advance was from £1.2m. to £1.5m.

Industrial profits amounted to £2.0m. (51.89m.) and the fall in costs was from £589,000 to £598,000.

The three beneficial factors resulted in better operating profits of £1.61m. compared with £1.51m.

There was an extraordinary debit this time of £144,000 against a £175,000 credit and earnings per 25p share are shown to have risen from 10.24p to 13.03p.

The final net dividend is 2.4p for a 10.5p share.

The industrial side of Stenhouse includes the manufacture of jewellery and horsey, general engineering and timber products manufacturing and retailing.

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BIDS AND DEALS

Brailpen makes its offer unconditional

In a low-key contrast to the year when Lex will be retained as British Investment Trust's affair 24 hours previously, the Edinburgh and Dundee cliff-changer came to a quiet conclusion last night with the announcement that the offer from British Rail Pension Funds is to be made unconditional.

Brailpen has obtained control of 74.56 per cent of the equity by way of its extended bid, and is therefore "just a whisker short" of the 75 per cent it needs to be certain of getting a scheme for liquidating the company through the Courts and securing the tax advantages which that liquidation will bring. However, Brailpen's offer is being left open until further notice.

Edinburgh and Dundee's Board has strongly opposed the bid, on the grounds that the price (which is to be determined by way of a formula related to net asset value) was inadequate.

Its financial advisers, merchant bankers Schroder Wagstaff, said last night that the Board would be sending out advice to remaining shareholders as soon as possible, but if it is accepted, discussed how fast Brailpen intends to proceed to liquidation. It might, they pointed out, pay the remaining shareholders to wait until the liquidation is completed, instead of accepting Brailpen's offer at this stage.

However, Hill Samuel, financial advisers to the other side, say that the decision on the timing of the liquidation depends on the advice given to Edinburgh and Dundee shareholders by their Board.

See Lex

LEX COMPLETES CARLTON SALE

The Lex Service Group has now completed the sale of its Carlton Travel hotel to the German-based Proteus Group. The deal was first announced in July but the completion date, December 8, means that Lex will effectively have had the benefit of the full 1977 profits from the hotel.

In the documents these are estimated to be around £2.65m, compared with £1.7m. in 1976. Profits from the hotel are expected to increase again next

satisfied by £141,581 of Warwick 10 per cent unsecured loan stock 1980. At December 31, 1976, the net assets acquired were £416,871 and in the 12 months to that date the group incurred a net loss of £18,828.

Warwick expects to develop Allday's activities within its existing markets as autonomous units within the engineering division.

ELECTRONIC MACHINE

Electronics Machine has negotiated the sale (for completion at the end of March) of its freshfield Mitcham site for £500,000. Two of the factories covering some 60 per cent of the total area will be leased back to EMC at an annual rental of £57,000.

Proceeds of the sale will be utilised to reduce bank borrowings with a consequential reduction in interest payment.

As a result the preliminary figures for the year to April 30, 1977 are expected to be announced in early January, and further details of this transaction will be included with the annual report.

WILLIAM STEWARD

The William Steward Group, electrical contractors based at Hamstead, has acquired for cash the 440p share of £1.5m. held by Seagram for the 27 per cent stake in Glenlivet previously owned by Imperial Group.

At 445p the rest of Glenlivet is valued at more than £32m. if the outstanding convertible loan stock is taken into account.

LEIGH INTERESTS

Acceptances of the recommended offer made by Leigh Interests for the capital of William Allday and Company whose assets include an 87.2 per cent shareholding in the Utile Engineering Company.

The offer will remain open.

Application will be made for the listing of up to 54,726 ordinary shares of Leigh.

FURTHER GOOD progress is reported by the Saint Piran mining and house-building group. Declaring an interim of 1.25p net for the year to next March, the group said that it is intended to lift the total distribution for 1977-78 to 3.75p, a figure which would be "satisfactorily" covered by anticipated profits.

It is pointed out, however, that the 3.75p total would be subject to a relaxation of Government policy on dividend restraint; the amount of loan by buying a small number of Treasury bills and local authority bills from the houses, and by lending a very large sum, overnight, to five or six houses at MCR of 7 per cent.

Banks carried over small surplus balances, and the market was also helped by a small number of net maturing Treasury bills, and a very slight excess of Government disbursements over revenue payments to the Exchequer. On the other hand there are keeping their options open on

any possible fall until later in the week.

Funds were in short supply yesterday, and the Bank of England gave an extremely large amount of help by buying a small number of Treasury bills and local authority bills from the houses, and by lending a very large sum, overnight, to five or six houses at MCR of 7 per cent.

Discount houses paid around 5-6 per cent for secured cash loans in the early part, and discounting balances were found at 3-4 per cent.

In the interbank market overnight loans opened at 64-71 per cent, and fell to 34-4 per cent, before closing at about 8 per cent.

Rates in the table below are nominal in some cases.

MONEY MARKET

MLR fall possible

Bank of England Minimum Lending Rate 7 per cent (since November 25, 1977)

Short-term fixed period interest rates were fairly steady in the London money market yesterday, and opinions seemed equally divided on whether Bank of England Minimum Lending Rate is likely to be reduced this week.

Discount houses buying rates for three-month Treasury bills remained slightly above the trigger point for a cut in MLR, but the method of assistance given to the market indicated to some observers that the authorities were keeping their options open on

any possible fall until later in the week.

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Rates in the table below are nominal in some cases.

Dec. 13, 1977	Short-term Certificate of deposit	Interbank	Local Authority deposits*	Local Authority negotiable bonds	Finance House Deposit	Company Deposits	Discont. market deposits	Treasury Bills	Kingsgate Bank Bills	Fine Trade Bills
Overnight	—	31/74	—	—	—	—	31/7	—	—	—
2 day notice	—	68-68	—	—	—	—	74	—	—	—
7 day notice	—	68-7	68-68	—	—	—	68-71	—	—	—
One month	68-58	68-68	68-68	7-68	—	—	68-68	68-7	68-68	7-68
Two months	68-68	68-68	68-68	7-68	68-68	68-68	68-68	68-7	68-68	7-68
Three months	68-68	68-68	68-68	7-68	68-68	68-68	68-68	68-7	68-68	7-68
Nine months	78-78	78-78	78-78	78-78	78-78	78-78	78-78	78-78	78-78	78-78
One year	78-78	78-78	78-78	78-78	78-78	78-78	78-78	78-78	78-78	78-78
Two years	78-78	78-78	78-78	78-78	78-78	78-78	78-78	78-78	78-78	78-78

Local authorities and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgagable notes: nominally three years 81-10 per cent; four years 108-102 per cent; five years 108-102 per cent. * Bank bill rates in per cent. Approximate selling rate for one-month Treasury bills 83-68 per cent; two-month 81 per cent; and three-month 87-81 per cent. Approximate selling rate for one-month bank bills 81 per cent; two-month 81 per cent; and three-month 84-83 per cent. One-month trade bills 81 per cent; two-month 78 per cent; and also three-month 81 per cent. Finance House Rates (published by the Financial House's Association) 81 per cent from December 1, 1977. Clearing Bank Rates (for small and medium-sized day office) 81-84 per cent. Clearing Bank Rates for lending 81-73 per cent. Treasury Bills: Average tender rates of discount 6.338 per cent.



SERCK LIMITED

PRELIMINARY ANNOUNCEMENT

Year ended 30 September 1977	1977	1976
Group Sales	£78,400	£67,900
Profit before interest	9,690	7,274
Interest Charges (net)	365	137
Group Profit before Taxation	9,324	7,137
Group Profit after Taxation	4,636	3,665
Dividends: Interim-paid	770	384
Per Share	2.9p	1.0p
Final—proposed	1,517	559
Per Share	3.94p	1.41p
Earnings per Share	12.1p	9.5p

MR. ROBIN MARTIN, CHAIRMAN, REPORTS:

The Group achieved another record for the third successive year with profit before tax at £9.3m. This time profits rose by 30 per cent, and earnings per share by 27 per cent over the previous year.

This was an excellent achievement in market conditions which were far from easy. Both overseas sales and profits increased at a greater rate than those from the United Kingdom and 52 per cent of our profits are now earned in overseas markets.

The Annual Report will be posted to shareholders on 10 January 1978 and the Annual General Meeting will be held in Birmingham on 9 February 1978.

SERCK LIMITED
737 WARWICK RD, SOLIHULL, B9 1DG

MINING NEWS

Doornfontein & Libanon lift payments

BY KENNETH MARSTON, MINING EDITOR

ALTHOUGH they are much in line with expectations, some of the latest half-yearly dividends declared by the South African gold miners in the Consolidated Gold Fields group make a more cheerful showing than at this time a year ago.

Doornfontein, for instance, is paying an interim for the year to next June of 20 cents (12.5p). A year ago the interim was chopped to only 5 cents and was a subsequent final of 10 cents. Libanon is paying an interim of 40 cents compared with only 5 cents last time and the June final of 40 cents.

Venterspoort resumes interim payments with one of 15 cents. Kloof's payment of 15 cents is unchanged from the last two occasions while Driefontein is repeating its interim of 13.5 cents for 1978.

Of the two mines to declare final dividends, the modestly increased payment of East Driefontein makes a 1977 total of 78 cents against 75 cents, while Vlakfontein's total is brought up with only 5 cents last time and the June final of 40 cents.

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AUSTRALIA'S Metramar Minerals is considering taking legal action against the Anglo American Corporation group over problems with the Blue Spec antimony gold mine in Western Australia, reports our Sydney correspondent.

Metramar brought Australian Anglo American in as a joint venture partner in 1972. Because

of difficulty in obtaining funds from the Blue Spec mine, Metramar has now fallen to 13.5 cents.

Mr. Moton outlined a number of areas where he claimed that Anglo's estimates as project manager differed widely from the actual results. He said Anglo estimated the capital cost of bringing the mine to production as \$44.7m. (£22.9m.) but "it exceeded \$47m."

The average grade of gold and antimony and the expected recovery were both much higher than achieved, while the operating costs were also much higher than forecast. The mine had not produced a cash surplus in any month to date.

Metramar borrowed funds from Anglo and still owed \$230m. 000. Mr. Moton said the Metramar Board understood there had been a "fair and reasonable" revision of the joint venture terms negotiated, but that Anglo might have had a misunderstanding.

It is pointed out, however, that the 3.75p total would be subject to a relaxation of Government policy on dividend restraint.

Declaring an interim of 1.25p net for the year to next March, the group said that it is intended to lift the total distribution for 1977-78 to 3.75p, a figure which would be "satisfactorily" covered by anticipated profits.

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S. Simpson LIMITED

A good year's trading: turnover and profit at record levels.

The 44th Annual General Meeting of S. Simpson Limited was held on 13th December in London. Dr. S. L. Simpson, Chairman presiding. The following are extracts from his statement:

I am pleased to report a good year's trading in all divisions. In effect, our Turnover and Profit for the Financial Year under review surpassed all previous records. The achievements of the Manufacturing Companies in the second half of the year confirmed the forecast in my last year's Statement. For S. Simpson (Piccadilly) Ltd. the comprehensive range of DAKS clothing for men and women played a prominent part in trading and its wide range of fashion goods in all sections also proved highly successful with overseas visitors.

Both the DAKS-Simpson Manufacturing Companies made good progress in the second half of the Financial Year. The benefits of re-organisation, large investments in modern equipment and techniques, creative styling and merchandising and great efforts to meet the needs of potential Export Markets, began to be realised.

Royalty incomes from our Licensees abroad are a progressive and useful contribution to profit. These areas require adequate and close liaison with our experts in this country to ensure worldwide standards of design and quality. S.A. remains the most expansive potential.

The Company has just finalised an Agreement with Richard Weatherill Ltd., internationally known for its Riding Gear, to co-operate in the manufacture and marketing of Men's and Women's riding jackets, coats, jodhpurs and breeches.

The Inverteor Coat Company increased its turnover and profits substantially, especially in the second half of the year, establishing new high levels. Exports accounted for more than 75% of total sales.

The past year's achievements for the Group and present trading give good grounds for a favourable outlook for the current half year. However, it would be imprudent not to recognise that we are not immune from the general industrial and fiscal problems in this country and overseas. The problems of inflation, industrial and social unrest, increasing charges for essential services and onerous high taxation, inevitably constitute disincentives to entrepreneurs, management, skilled workers and investors, especially as the high rates of taxation in many areas, including investment income, are well beyond those of our industrial competitors in other countries.

However, there are some signs of a better understanding of the many complex inter-related problems and of the need for all to pull together if we are to solve them for the benefit of society as a whole. With this hope and expectation I retain my qualified optimism for the future.

My sincere thanks, as Chairman, are due to all my colleagues on the Boards, and to Management and Staff of all companies within the Group for their efforts and loyal operation in achieving a successful and progressive year's trading.

First half slip for IC Gas

ALTHOUGH TURNOVER rose from £2.7m. to £3.9m. pre-tax butane cylinders to the more convenient "switch-on" system in the Gas Association slipped from £1.25m. to £1.19m. for the half year to September 30, 1977.

The directors say that uncertainties over pay negotiations in the fuel and power industries and winter temperatures make it difficult at this stage to forecast full year profits. The surplus for 1976-77 was £22.3m.

The interim dividend is 4p (3.5p) net per £1 share and a supplementary dividend of 0.08125p is also declared for 1976-77 following the reduction in ACT. Last year's final payment was 3.2735p.

Results are those of the association and its subsidiaries excluding its Belgian company. Present indications are that the group's share of earnings of the Belgian subsidiaries, together with the group proportion of UNEPG earnings, will, in terms of Belgian francs be slightly greater than for 1976-77.

The Color group's turnover was 28.2 per cent. higher and trading in Belgium and the U.K. made profit increased by 22 per cent. to £897,000. Its profit included £400,000 on the sale of assets on withdrawing from transport operations in Germany. The continuing pressure on margins has been temporarily in-

• comment

First half trading profits of IC Gas are a fifth higher — about £0.5m. came from Century Power and Light's activities in the North Sea and the balance from Color, whose 22 per cent. increase reflects the benefits from the recent merger. But the full year will result in no profit to the company for more than half of earnings, are not paid until the second half; in addition, a decision is pending on dividend restraint in that country.

Although the underlying demand for gas and electricity is rising, the average U.K. price depends on the winter months. But there should be gains coming through the reorganisation of the Belgian utility companies. At 383p the shares yield a prospective 3.8 per cent. on a maximum dividend payout.

South African recession to cut Mitchell Cotts

THE Mitchell Cotts Group cannot look for the same results from its South African operations as it has had for the last two years, Mr. J. K. Dick, chairman, says in his annual statement.

He says that shareholders must anticipate both economic and political troubles in South Africa. Last year South Africa contributed 68 per cent. of the record pre-tax profit of £11.5m., and in the June 30, 1978, year, 81 per cent.

Mr. Dick says that although group pre-tax profits will show a decline to between the 1976 level of £8.5m. and, as far as can be seen, no more, the attributable profit should not increase from last year's £2.9m.

And while the short-term outlook in South Africa is discouraging, Mitchell Cotts' has special features which will help mitigate the worst of the economic recession.

Certain of its specialist companies carry out work which has to be done whatever the state of the economy and are insulated from the worst of the difficulties. Also the participation of the

South African subsidiaries in the Australian iron ore benefication contracts will give a lift to earnings.

UK results, which lifted their contribution from £1.5m. to £2.25m. in the latest year are expected to continue improving in the current year.

Mitchell Cotts Transport has a good chance of doing better this year, although it will not reach its full earnings capacity until there is a marked and lasting improvement in the UK economy.

The chemicals division of Mitchell Cotts and Co. (UK) has expanded its production and laboratory facilities with the purchase of a 27-acre site in West Yorkshire for the making of synthetic pyrethroids.

The company has been involved for many years in the growing, refining and marketing of pyrethrum, a natural insecticide. Mr. Dick says that there are certain residual problems to be resolved, but by the first part of 1982 hopefully it will be near full production of pyrethroids and prospects look extremely interesting.

I hesitate to look much further ahead but it is I think a reasonable assumption that if our expectations are fulfilled we should find ourselves with a brand new growth area in the UK on our hands.

Group tea estates in both East Africa and South America have produced and are producing higher crops of good quality tea, and tea trading is on a profitable and increasing scale.

Accounts have been qualified over the inclusion of £5.85m. under fixed assets as claims against governments. The claims are for operations nationalised in Uganda, Mozambique and Ethiopia, and auditors Mann-Judd say they cannot form an opinion regarding the claims because of reservations about the final outcome of negotiations.

An amount of £5.95m. was included in last year's accounts, but there was no qualification.

The company has taken steps to ensure that the £1.02m. owed by the Sudanese Government in compensation is paid this year.

Fixed assets of the group show an increase from £41.72m. to £44.33m. and net current assets stand at £33.85m. against £22.32m.

Meeting, Winchester House, E.C. on January 13 at noon.

DOT report on London Capital Group

Call to close loopholes

THE REPORT of the Inspectors appointed by the Department of Trade to investigate the London Capital Group is primarily notable for its suggested changes in Company Law together with criticism of the professional advisers involved.

The 378 page report is in the form of a history of the company and there is no conclusion, the inspectors allowing their points to emerge as the story goes along.

Below the criticisms and suggestions are collected together along with the inspectors' justification for pillorying the professionals.

Introduction

The Secretary of State for Trade appointed Michael Sheridan QC and Ian Hay Davison FCA, as inspectors to investigate the affairs of London Capital Group. Subsequently the terms of appointment were extended to include Export Promotion and Investment Services. See FAPAC, Global Images (Ghelas) and Commoissons of Claret (Commoissons).

They say: "Our findings are that the suspicious relating to all the companies were amply justified. Indeed, the serious wrongdoing extends very considerably beyond the offences for which Mr. Stonehouse was later tried and convicted at the Central Criminal Court between April and August 1976.

The companies under Mr. Stonehouse's control were saturated with offences, irregularities and improprieties of one kind or another. The prime mover was undoubtedly Mr. Stonehouse, who was encouraged in his wrongdoing by his professional advisers, particularly by his solicitors.

We feel that such misundertandings commonly occur and should be avoided by giving to the reporting accountants' responsibility for the factual accuracy of financial matters referred to in the documents and their fairness in the context in which they appear.

He was helped by others, whose assistance at one level or another in the practical mechanics was essential. Accounts books and records were treated with misplaced respect, for they were often used only to conceal what they should have revealed.

The reported feature of the stonehouse records which omitted all reference to one improper event had in fact been structured to conceal others even more objectionable.

Mr. Stonehouse personally instigated falsification of records and indulged in misrepresentations in an attempt to hide the illegalities which had taken place and to avoid his own actual or potential criminal and civil liabilities for them.

It is not clear whether the participants should re-charge each other for the subject of our investigation we concluded that for Mr. Stonehouse truth was a moving target.

The idea of forming a British-Bangladesh banking venture was not conceived or delivered in fraud. This is not a case in which the promoters were bent on wrongdoing or seeking to feather their own nests at the expense of the company or its shareholders or creditors. Mr. Stonehouse embarked on the course of serious wrongdoing which stung by bad publicity which attained an enormous share of the public. He was propelled into crime by his pride.

We believe disclosure provisions to be of great importance and think that precise directions as to the extent and detail of disclosure required would be welcomed.

Interim audits

Companies Act

Sections 141, 150 and 197 Companies Act 1948. There is much scope for abuse because the assertion or pretence that loans or prospective depositors, are made "in the ordinary course of its business" may be used to statement as to whether or not

shareholders and third parties when the accounts are published.

We believe, as in the present case, that the principles on which the Sections are based are grossly abused. We think there is a strong case, particularly in Section 54, for eliminating the exemption of loans made in the "ordinary course of business"; but if the exemption is to be retained then disclosure should be mandatory without exception and substantial penalties in default provided.

Articles of Association, Companies Act 1948: We think very undesirable that any company should be permitted to lend money on the security of its shares. We think legislation should make this plain.

Extradition limits

The ease of present-day travel has extended escape routes throughout the world. We think this factor, coupled with the complex scope of modern financial frauds, should prompt the international community to a reconsideration of the availability of the current restrictions on extradition.

They say: "Our findings are that the suspicious relating to all the companies were amply justified. Indeed, the serious wrongdoing extends very considerably beyond the offences for which Mr. Stonehouse was later tried and convicted at the Central Criminal Court between April and August 1976.

The present machinery, which may at one time have had much to commend it, seems to us to be cumbersome, repetitive, needlessly expensive and redundant with delay.

In the case of the chairman, Mr. Stonehouse, the maximum loans to him, his immediate family, his nominees and company amounted to £253,388 during the period and £145,604 at the end of it; and

In the case of three of the directors, they had agreed to enter into guarantees with BBT for substantial sums amounting in all to £233,000.

That these facts were not disclosed in the accounts and directors' report of the company is nothing short of lamentable. This is gravely to discredit our criticism and belief in the auditors and the solicitors must bear full responsibility for it. One result was that the company continued to run and built on a bogus track record."

J. H. Wilson

Slipshod approach

Sir Charles Hardie was prepared to sign the accounts as long as the loans were repaid. This was to be verified by a team

from Dixon Wilson.

We doubt whether they reviewed the relevant loan accounts at all. Having regard to the fundamental importance which Sir Charles attached to the clearance of the accounts, the supercilious of the "verification" that this had been done can only be regarded as thoroughly reprehensible."

It can scarcely be a complete answer for Sir Charles to say that there were no grounds for suspicion. Nor to have probed the business. Williams de Bore overlooked this rule and no such consent was sought or given.

On November 23, 1972, they wrote to the Council with an apology, which was accepted in the terms that corrective advertisements would be placed in the Press.

Disclosure of loans in the 1973 accounts: The circumstances of this case do not entitle the solicitors

to be blamed.

General Rule 78(3) of the Stock Exchange prohibits the appearance of a broker's name in a prospectus for an unlisted company without the consent of the Council. Unfortunately Williams de Bore overlooked this rule and it will be categorised as a puff.

In fact, the Governor of the Bank of England was not required to give any such permission but nothing of the paper transactions was in our opinion, a serious dereliction of duty.

We would not of course, criticise anyone for lacking the common sense to act before an event which then occurred after it. Unfortunately, the slipshod approach to the 1973 audit was itself partly responsible for the failure to discover the slight of hand by which the loans and advances were repaid.

If Dixon Wilson's approach had been defective in 1973, they were thorough and careful in 1974. Despite the willingness of Mr. Stonehouse and Mr. Bingham to sign almost any letter that would satisfy their inquiry, the auditors stuck to their guns and in the end revealed the extensive improprieties.

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The Irish Glass Bottle Company Limited

Extract from the statement made by the Chairman Mr. P. W. McGrath at the Annual General Meeting of The Irish Glass Bottle Co. Ltd., on Tue. Dec. 13th 1977.

Last year in my statement, I expressed considerable concern as to the future prospects for Irish industrial employment which, regrettably, proved justified as the year progressed. Fortunately, a considerable improvement was apparent towards the end of the financial year not only in your industry but in industrial employment generally and this, together with other matters with which I will deal later, have largely produced the record results for the 52 weeks ended 28 June, 1977.

Consequently your company was able to increase its sales both in volume and money terms during the year in particular on the export markets. Some of these additional benefits are as a result of our close liaison with the Rockware Group which association continues to be helpful and constructive.

Due to the increased demands for your company's products, it was necessary for us to increase production and employment, thus enabling your company to avail, for portion of the year, of the special tax concessions granted by the Government to Irish companies increasing output and employment to certain levels.

While there was a slight improvement in net profit margins earned by your company, they are still not at a sufficiently high level to support increased working capital requirements and the expansion which the company hopes to carry out in the coming years.

Since my last Annual Statement, the taxation situation both for companies and individuals has improved, and to some extent seems to meet the requirements which, last year, I indicated were necessary to create an

environment for expansion in our industry and in industry generally in Ireland.

It will be noted that the Group Profit before Taxation and Extraordinary item amounted to £1,055,397 compared with £695,742 last year. This increase of 50% is due in the main to an increase in volume of production and of sales on both home and export markets and to a certain improvement in efficiency.

After making provisions for taxation, Minority Interests and Extraordinary item, the net profit for the year amounted to £817,364 compared with an amount of £380,181 last year. You will also note that the earnings per share have more than doubled and, accordingly, the Board is proposing a Final Dividend of 2.4645p per share which together with the Interim Dividend of 3.7645p per share for the year is equivalent to a total of 1,3000p per share for the year.

This dividend and the related tax credit is equal to a total of 23% on the ordinary shares for the year compared with 17% paid last year. The increased dividend, which is covered more than three times, is the least

shareholders are entitled to in view of the fact that dividends over previous years have not in any way kept pace with inflation or the increased costs of living.

In view of the very strong Balance Sheet of the company and the very healthy state of its reserves, it is proposed to make a final issue of 1 Ordinary Share for every 3 shares held and, following the Annual General Meeting, an Extraordinary General Meeting will be held to consider this proposal.

Finally, the low taxation charge is, as stated before, due to special Government reliefs on employment and production and also due to the bringing back of deferred taxation provisions which are no longer required as a result of the reduction of the Corporation Tax.

In conclusion, I would thank all those concerned in the industry for the part they have played in the considerable improvement effected during the year and hope that this time next year I will be able to report further progress.

Silica Sand Limited:

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GERMAN COMPANIES

Daimler-Benz sales peak as competition sharpens

BY ADRIAN DICKS

DAIMLER-BENZ, in a preliminary report on its performance during 1977, revealed to-day that its sales had for the first time topped the DM26bn. (US\$3bn.) mark, while its production of private cars also exceeded the company's own previous records to reach a figure well over 400,000 during the year.

On the strength of this extremely solid performance, Herr Joachim Zahn, the chairman of Daimler-Benz, forecast that profits should correspond to those of the previous year. At the same time, however, he made clear that the recent upward drift of the D-Mark, coupled with the sharpening of competition in the commercial vehicles market in Europe, has presented Daimler-Benz with an extremely tough challenge during the coming year.

Preliminary 1977 results, disclosed by Herr Zahn in Stuttgart this week, show that Daimler-Benz did considerably better than its rivals in its private car sales, with a rise of 132,000 in 1977. Output rose by 30,000 units this year (compared to an increase of 20,000 units in 1976), while in the six years since 1971 it has risen by over 30 per

cent. This compares with a total plant capable of producing high-production increase for the West German vehicles and engines, in German motor industry of 3 per building up a service network cent during the same period, and in going over at an early time.

Among the company's various stage to mass production for models, according to the chairman, the luxury categories from commercial vehicles.

New models were proving the 280S and upwards have done successfully, Herr Zahn said, citing best of all, with production up by the introduction of the Trans-

16 per cent in 1977 to some 85,000 units.

Total production of commercial vehicles, at some 248,000 chairman also sounded a note of caution, as the Daimler-Benz has been widely heard in the past few weeks in West Germany. Domestic production was down from 193,000 to 186,000 referred to recent developments units, with that from Daimler-Benz' foreign assembly plants. The renewed pressure of costs, correspondingly higher.

Herr Zahn referred to the sharpening of the currency situation in the west European market in the past few weeks, give commercial vehicles market as occasion for particular concern, one of "competitive struggle for above all in the preservation of market shares and employment" in part because demand from the means making use of the work

Middle East and from the Come-force."

During the current year, from a position to a "normal" Daimler-Benz increased its labour force by 5,000, a number of overseas markets have now been served by their forecast that at least some plants—including the high-unemployment region of Bremen—there was a good chance of further jobs becoming available for years for this slowdown. He mentioned its investment in 1978.

Deutsche Babcock to pay same

BY OUR OWN CORRESPONDENT

DEUTSCHE BABCOCK, the will mean a cash payout of closer plant orders from the Third boiler-making, power generating equipment and heavy engineering group in which the Iranian Government is the biggest shareholder with a 25 per cent. stake, is to propose an unchanged dividend for 1977-78 following a meeting of the Board and the supervisory council yesterday.

This means that Deutsche Babcock will pay 16 per cent. (DM8 per DM50 share) to ordinary shareholders and DM17 per cent. to Preference shareholders. For West German residents, the announce a number of large group turnover last year—up new corporation tax regulations power generating and industrial slightly from 1975-76.

Dubai-BICC \$12.5m. deal

A BRITISH company, British Insulated Callender's Cables, and the Emirate of Dubai in the United Arab Emirates are to set up a 50m. dirham (\$12.5m.) joint plant for the production of cables, reports Reuter from Dubai. Dubai will cover 80 per cent of the costs and BICC the rest. Work on the plant, which will have an annual capacity of 5,000 kilometres (about 3,500 miles) of cables, is due to be completed within 18 months.

Rhône-Poulenc offer

PARIS, Dec. 13.

RHÔNE-POULENC has offered to buy a majority interest in the fertiliser firm SIE de Participations, SA (GESPA). SIEAG controls Gardiner SA, which the Dutch firm Unilever has. According to Reuter, Rhône-Poulenc said it had decided to been trying to buy Rhône-Poulenc after taking into account the French Government's wish to find a French purchaser for SIEAG. No details have been made public, but Rhône-Poulenc said its bid has been out in a group of two companies together, these two companies together, should give Rhône-Poulenc enough to meet international competition.

Reports that the Italian Banco Ambrosiano was planning to launch a floating rate note with

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Merrill Lynch International Bank Limited Union Méditerranéenne de Banques

October, 1977

Crédit Suisse after Chiasso

BY JOHN WICKS

ZURICH, Dec. 13.

THE PROFITABILITY of Credit Suisse remains unimpaired and Hanspeter Buerig, "unwill permit the maintenance of known banking sources" on last year's dividend. This is grounds of prejudicing its credit, stated by the Swiss bank in a which appeared on December 7. recent edition of the Zurich daily newspaper "Tat" which will be under criminal jurisdiction.

At the same time, the Negro co-operative is being sued in court proceedings as the publisher of the newspaper, and being called on to publish a retraction by Credit Suisse of a number of allegations made by the journal.

The flow of new deposits evinced a gratifying rise in the third quarter, and clients entrusted the bank with new deposits worth Sw.Frs.208.5m. in October. The number of accounts is said to have risen by 23,000 since March, 1977, and deposits are reported to have exceeded the sum recorded at the start of the year.

In April it had been disclosed that large sums of clients' fiduciary funds—subsequently specified by the bank as

Sw.Frs.2.17m.—had been misdirected by managers of the bank's Chiasso branch to the Liechtenstein letter-box company Texon-Finanzanstalt.

Credit Suisse believes it will take "years" for prosecutions in connection with the case to be concluded.

To-day it was announced at a Press conference that the bank is suing "Tat" editor Dr. Roger

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

SWEDISH COMPANIES

AGA in \$30m. U.S. bid

BY WILLIAM DULFORCE

AGA, the SWEDISH industrial acetylene factories as well as a hydrogen unit and a specialties to share capital of Burdoo, of Cleveland, Ohio. The offer, the north-eastern states and the equivalent to \$25 a share, has Swedes company seen it as a sum approved by the Burdoo board and accepted by the president. AGA had a 20 per cent profits Mr. S. Michael Loveman, to holds 50 per cent of the last year. Just under half its outstanding common stock. The Kr2.57bn. turnover remains open to the other shareholders until January 4. AGA's trading profit. About one-third to the U.S. market where, of the concern's gas sales are calculated, annual sales of gas made in the Nordic countries, which amount to \$1.5bn. another third in Western Europe. AGA's turnover is only some and about a quarter in Latin America, but it operates America. The air separation and three. Over the past year AGA has four years.

STOCKHOLM, Dec. 13.

AGA sold its Tudor Battery subsidiary to ESB Inc. and disposed of its military electronics operation. Its half-year report showed an increase in parent company liquid assets of Kr1.1m. as a result of these sales, part of which had already been used to acquire a boiler-making company for integration with the heat engineering division.

AGA has an ambitious expansion programme covering its gas, heat and welding divisions. Earlier this year it estimated that capital investments in the gas division alone would approach Kr1bn. over the next

Capital increase for Fasa Renault

By Robert Graham

MADRID, Dec. 13
FASA RENAULT, the group's Spanish subsidiary in which it holds a 65 per cent stake, is to increase its capital as part of a plan to meet investment needs for expanded capacity. Motor industry sources also believe that the French parent may use this opportunity to acquire a larger share in the company.

The company's capital is to be raised by Pesetas 2.5bn. from the current Ptas 4.05bn. a substantial new capitalisation. This is being done via the issue of new shares, but the basis for the offer has not been disclosed by Fasa.

The principal Spanish shareholders are the Banco Iberico

and the Ferro family interests, who are also the principal shareholders of Banco Iberico. This holding is believed to total some 25 per cent.

Within the motor industry, there is talk that the Ferro family may well avail

themselves of this opportunity to lessen their stake as part

of a move to decrease their involvement in industrial equities.

The share issue coincides with the imminent merger of Banco Iberico with the Banco Central to create the largest group of banking interests in Spain. Renault, for its part, has let it be known that if the new issue is not fully subscribed, it would be willing to step in.

FNCB-Waltons actually earned a trading profit in the year of Ptas 1.5m.

FNCB-Waltons Finance turned in a loss of \$A9m. after allowing for the provision for losses on accounts and loans receivable, with over 4,500 new jobs being created.

FNCB-Waltons is the country's second largest car producer and in the past few years it has slowly eaten into the market share of Seat, whose main shareholders are Fiat and INI, the State holding company. In

October for the first time, Renault cars overtook Seat as

the market leader with 30.9

per cent of the sales, against Seat's 28.4 per cent.

• Renault Motocycles Developpement said it raised its stake in

Bernard Motocycles to 86.07 per cent from 64.39 per cent, by buying 87,571 shares on the

Bourse, 69,174 of them from the

Bernard family which held 17 per cent of the company's

capital, Renter reports from Paris.

Bernard shares were last

quoted at Frs 50, but the price at which Renault bought was not revealed.

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Bernard shares were last

New tools for public expenditure control

BY PETER VINTER*

SOME three hundred years ago, the Lord Treasurer and his colleagues, greatly troubled by the part of the Treasury public expenditure is the total amount to be financed—to be met either by taxes (with their own pressures and history), or by borrowing (with another set of consequences and pressures). They must have caught him on a good day because he readily agreed that grants and gifts would no longer be made without consulting the Treasury. The King issued an Order-in-Council to confirm this and the Treasury officials were so pleased that they hung up the order in their office... a year later they were back where they started. Are we about to see a repeat performance?

We have the Public Expenditure Survey Committee (PESC) for medium-term planning. It is to go on pensioners who spend quickly or on slowly unfolding investment projects—anyone who doubts the engineering and building, or on interest groups: farmers, public service thus helping to boost the steady increase in regions, local party fiefdoms. For both public sector unions and the public employment. For both these groups, PESC plus cash limits means much in presenting an overall picture of what will always be important aspects of public expenditure. However, PESC and cash limits mean much less down in the political market place where both are often seen as remote and a bit elitist. To see in what terms public expenditure is viewed at a wider level, it is necessary to get close to the grass roots.

To many politicians public expenditure is a good in itself. We may call them the watering-can school—"keep the plants well" but people understand by public expenditure. It is a good moment to look at what may be virtual useless for pensioners. Or we could have added as the essential underpinning for short-term control. But the key question is whether they are going to stick?

Gadgets and procedures will only last if they reflect in some way broad political desires and common sense, and hence gain wide support. Now that taxation has caught up with the mass of earners and both Government and Opposition believe in cutting taxes, it is a good moment to look at what may be virtual useless for pensioners. Or we could have added as the essential underpinning for short-term control. But the key question is whether they are going to stick?

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To the Bank, the City and a "watered"—and as there are so many genuine needs to be met staff—so too frequent changes contrive to make demand and was going to Edinburgh and management even more difficult than it is anyway, both politically and economically.

A setback of this kind would set-back is for something much more instant, more readily available. What, for example, could we do if the public expenditure scenes being flooded with trailers for the big film: "How to Spend the North Sea" diture? It is £5m. so difficult to roughly cover the running cost of both the British Museum and the Imperial War Museum or

provided 3,820,000 NHS average prescriptions.

On capital account, we could in 1976 have built: 24 miles of three-lane motorway in the countryside or provided 250 beds in a general hospital.

There were many other choices we could have made. Five million pounds would half for instant cost data. This may seem surprising, but Departments are hard-pressed and in any case a Minister urging expenditure is not the best judge of the cost. With the best in the world his assumptions are often too favourable to his cause.

To get figures like this quickly and efficiently we need a modest agency which could cost proposals and programmes where it matters, that is, in Parliament and for MPs. Members and lobbies need access to good costing procedures. Costing future outlays requires experience and a variety of skills—a few figures slammed together by an interested group is simply not

The Public Accounts Committee have done much good, and Parliament needs machinery for costing Government and Opposition as well as back benches. This would put a new realism into argument about expenditure.

The influence would work towards and encourage others to cost their ideas.

An arrangement recently established in the U.S. Congress

There can be no doubt that the equality of debate on expenditure would be greatly strengthened if the House generally had access to harder and better information. This would in turn, help Government, which would not always have to be fending off proposals. The lobbies and interests would have a better idea of what was involved and would have to be more realistic as would the critics. Downright figure mongering would be discounted.

Each would have the material to do his or her own sums. This is the best way to reinforce expenditure management.

*Mr. Vinter is a Director of Vickers, overseas adviser to the CEBG and former Deputy Secretary to the Ministry of Technology and DTI.

Overall

Economists have rightly added another dimension in recent years: they ask where the expenditure shows up. They ask, for example, whether it is its supporters expect.

Caricatures? Yes, but in recognisable, I hope. Behind them lie the lobbies and the public service thus helping to boost the steady increase in regions, local party fiefdoms.

For both public sector unions and the public employment. For both these groups, PESC plus cash limits means much in presenting an overall picture of what they propose. Yet if the cost is not worked out clearly the really big policy decisions (demand and politics, as the Treasurer learned 300 years ago. Second, public debate. (The figures were not providing enough information for debate. The annual £5m. in 1976 we could have paid for: 1,090 teachers, or 2,075 private soldiers, or 1,142 average teachers' means—and, vice versa. But with a set of figures like these the task becomes plainer, and thus perhaps easier.

Such figures should be at £10,000 each. That is a middle plan on the following lines: £5m. at the end of last year are £5m. would just about meet the U.K. contributions to three UN bodies: the Children's Fund, the FAO and UNESCO.

Such figures give us the beginning of a DIY set of tools for the plain man. At present it is not easy to see what a saving of, say, £50m. on the Civil Service or on hospital building or on teachers' means—and, vice versa. But with a set of figures like these the task becomes plainer, and thus perhaps easier.

The totals are so huge and the details so uninformative as to be virtually useless for most spenders and tax-payers.

It sometimes seems as if one was going to Edinburgh and was told the distance in fractions of light years.



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MONDAY, 7.30, **TUESDAY**, 7.30, **Wednesday**, 7.30, **Thursday**, 7.30, **Friday**, 7.30, **Saturday**, 7.30, **Sunday**, 2.30, 5.30

THEATRE, 01-520 8656

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FARMING AND RAW MATERIALS

Australian wool output figure cut

SYDNEY, Dec. 13.

AUSTRALIA'S 1977-78 (July-June) wool clip is estimated at 66.5m. kilos. The National Council of Wool Selling Brokers said yesterday, in October the council forecast the clip at 67.5m. kilos after predicting 68.5m. kilos in July.

This compares with a revised statistics Bureau estimate of 67.7m. kilos for the 1976-77 season, almost 7 per cent below the 1976-77 level.

The Council said the committee reduced its short wool forecast to 59.5m. kilos from 67.5m. (previous season 62.5m. revised) but raised its forecast of dead and fellmongered wool and wool exported on sheepskins to 6.5m. kilos from 6.5m. in October (7.8m. revised, pre-

The committee said the higher forecast for dead and fellmongered wool and wool exported on sheepskins was reflected in the lower output of short wool.

Sheep numbers at the end of March 1977 are still estimated 15.5m. head, but it is thought the number of sheep and lambs to be born will be 400,000 fewer than the last estimate of 140,000 (unit double shearing). The new numbers compare with 15.5m. a year earlier.

Japanese and Russians share whale catch

By Commodities Staff

SSIA AND JAPAN have agreed between them northern hemisphere sperm whale quotas in same proportion as last year, leaving a cut agreed by the International Whaling Commission (IWC) in the total catch of the Soviet Union will have a quota of 3,800 whales and Japan is making a total permitted of 4,444. Last year Russia allotted 4,122 whales out of a total of 7,200, with the remainder to IWC adjusted the northern hemisphere sperm whale quota to 4,122 last week as a result of a recommendation of its scientific committee earlier this month. The Commission had agreed last year in Canberra to a figure of 4,122. Last year Russia took about 75 per cent of the world's whale catch, while the USSR and China are the sole whale operators in the Pacific.

Mr. Saunders said the USA estimate of soyabean exports of 610m. bushels this year, compared with 564m. a year ago, reflected the USSR taking 2m. tonnes. "There is some doubt the USSR will need that much," he said. "China, too, becomes very important. What if, any-

French get go-ahead to devalue 'green franc'

By MARGARET VAN HATTEM

THE COUNCIL of Ministers agreed here today to a French request for a 2.5 per cent devaluation of the "green franc" for February 1 next year. This move, which will cut the monetary compensatory amounts on French agricultural exports to 16.9 per cent, is quite separate from a further cut proposed by the Commission in line with the general phasing out of all MCAs over seven years.

The French are also believed to be seeking a further devaluation in a few months' time. The Council also agreed to increase beef imports into the EEC above levels proposed by the Commission. The amount coming in under the GATT arrangements will be held at 38,000 tonnes for 1978, but that covered the "balance sheet" for meat manufacturing rises to 50,000 tonnes, half levies-free and half at reduced levies.

The Commission, mindful of the present 400,000-tonne beef mountain currently growing by 8,000 tonnes a month, had proposed a 40,000-tonne import quota. However, though it failed to hold imports down, the Commission succeeded in reintroducing the fumigation system whereby purchases from non-EEC coun-

tries must be matched by purchases from intervening stocks.

The Ministers did not discuss the question of an EEC regulation for sheep meat, which is being strongly urged by the Irish who are keen to increase their access to the higher-priced French market.

But there was strong speculation here that the French are considering a bilateral deal with the Irish to allow in around 8,000 tonnes a year while keeping the market closed to British supplies.

It is suggested that the Irish Government would agree to drop a court case now pending against the French if they were allowed free access to the French market.

The decision to reinstate the export subsidy was strongly advocated by the Dutch and Danes, who are keen to dismantle their butter stockpiles.

Commending the decision afterwards, Mr. John Silkin, the U.K. Agriculture Minister, said he supported the decision but added that it was unlikely to affect Britain while its butter prices remained well below those elsewhere in the EEC.

Even if phasing-out the U.K. butter subsidy over the next year proceeds as proposed by the Commission, this would not begin until after April and would take many months to affect retail prices.

Butter ships

However, British farmers wishing to export to France will remain subject to levies. Since access to New Zealand lamb for the U.K. domestic market raises the prospect of almost unlimited British supplies flooding the French market, France may be ready to settle out of court with the Irish the gamble that British farmers will not raise the matter in the European Court and the British Government is not sufficiently motivated to do so.

U.S. farms may grow more soya

CHICAGO, Dec. 13.

THERE IS "a good chance" that U.S. farmers will increase their soyabean acreage next year, if the present balance between soyabean and maize prices remains unchanged, Mr. Walton Saunders, vice-president of the Cargill marketing and transport group told the seventh International Commodity Conference here.

He added that plantings would also be influenced by U.S. Government set-aside provisions. However, he said, other factors would limit the impact of prices of increased sowings. Farmers would be reluctant to sell at lower prices he claimed, and there was always uncertainty over possible purchases of soyabean by the USSR and China. Southern hemisphere crops were always at risk from bad weather, he added.

Mr. Saunders said the USA estimate of soyabean exports of 610m. bushels this year, compared with 564m. a year ago, reflected the USSR taking 2m. tonnes. "There is some doubt the USSR will need that much," he said. "China, too, becomes very important. What if, any-

a result of increased cottonseed and sunflowerseed oil production as well as more palm oil imports, Mr. Saunders told the meeting.

He predicted U.S. exports of soyabean oil may be less than the 1.6m. lbs last year because of stronger competition from other vegetable oils and because India had "a much better oilseed crop this year."

Domestic soyabean oil consumption this year was expected to be slightly above last year as Reuter

Grain deficit expected

CHICAGO, Dec. 13.

WORLD GRAIN production will mists forecast that annual cereal consumption will rise by at least an average of 2 per cent annually through 1990, from 1.615m. tonnes in 1977-78 to 1.75m. tonnes in 1978-79. And there is demand exceeding supply for chariot buying were the main cause for the rally.

Reuter

the 1977-78 (July-June) season, to 1.82m. in the 1978-79 season, to 1.92m. in 1979-80, and so on.

Mr. Saunders said: "Our economic picture is the same. The

Sharp fall in cash tin price

BRUSSELS, Dec. 13.

By Our Commodities Editor

TIN PRICES fell sharply on the London Metal Exchange yesterday for the second day in succession. Cash tin was hardest hit, falling by £145 to £7,100 a tonne, following more offerings of spot supplies and reports of fresh arrivals from Malaysia into LME warehouses.

With the Penang market also lower overnight, there was nervous selling by speculators and this drove the three-month quotation down by £27.50 to £6,825 a tonne.

The gap between the cash and three-month quotation has now narrowed to £27.50 compared with nearly £400 last Friday, when the cash price soared to a record £7,255 a tonne in anticipation of a further fall in LME warehouse stocks.

Copper prices also lost ground, after opening on a firmer note. In the morning West German demand, reflecting weakening of sterling against the Deutschmark, kept the market buoyant. But when the New York market opened on a lower note, London quickly followed and cash wires closed £5 down at £573 a tonne.

The decline in New York strengthened the view of some dealers that Asarcos may have been premature in raising its U.S. domestic price by 2.50 to 62.50 cents a lb on Monday. It will take some time to follow Asarcos's lead.

Crude palm oil buying by India

TRADERS in London yesterday said India had purchased 5,000 tonnes of Malaysian crude palm oil through its state trading corporation for December-January shipment at \$540 a tonne Monday. It will take some time to follow Asarcos's lead.

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10144 955 Treasury Spec 1978-82 1052/1052+ 11.43 5.71

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Industrial output at level of a year ago

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

INDUSTRIAL OUTPUT has remained depressed in recent months at the same level as a year ago, suggesting that any pick-up in the overall level of economic activity is so far still weak and tentative.

Production fell by 11 per cent. in October, said Central Statistical Office figures released yesterday, while between August and October the average levels of both the all-industries and manufacturing indices were the same as in the previous three months.

The all-industries index in October was 101.4 (1970=100), seasonally adjusted, compared with 102.7 in the previous month and 102.8 a year earlier. This is still 8 per cent. lower than the peak level in the third quarter of 1973.

The sharp fall in output in October may be partly explained by labour problems, for instance the power workers' dispute which together with a mill spell largely accounted for a drop of more than 1 per cent. in production of electricity, gas and water.

There was widespread labour dispute in the motor industry, but the BOC strike seems to have had surprisingly little effect.

The Central Statistical Office commented yesterday that the latest figures continued to suggest that the underlying level of industrial output had changed little in recent months after the fall between the first and second quarters.

This is obviously disappointing, ample reflected in yesterday's Engineering Little Neddy, that in oil prices in 1973-74.

the recovery in investment will not be as sharp as suggested by the tenders surveys.

This is a point toward a consumption-dominated recovery next year.

The rise in manufacturing investment in the third quarter has been one of the few positive pointers to a general pick-up to date. On a three-month comparison of industrial output consumer goods industries' production was 1 per cent. up, while output of investment goods industries was unchanged and that of intermediate goods industries fell by around 11 per cent.

The detailed breakdown shows that the output of metal manufacturing companies was 4.1 per cent. down on a three-month basis, partly reflecting British Steel's problems, though there are signs of a possible upturn in the non-ferrous sector. In the engineering group the outlook is slightly brighter for electrical engineering and tractor production has been good.

The Central Statistical Office has for the first time included an index of all-industries production excluding exploration and extraction of petroleum and natural gas.

Even after a reduction in output of stocks in the third quarter, the stock output ratio was still at a historically high level. Consequently when demand picks up, as may have been happening in the retail trade, there could be a time lag before output responds.

The slowdown in the growth of world trade may affect demand from overseas, while there is increasing concern, for example, reflected in yesterday's report to have been made in 1975 rather than 1970 prices, and hence will take account of the sharp jump in oil prices in 1973-74.

Engineering Little Neddy, that in oil prices in 1973-74.

Trade unions urged to help save motor industry

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT



THE BRITISH motor industry is "bleeding to death", Mr. David Plastow, president of the Society of Motor Manufacturers and Traders, said last night in an unprecedented appeal for trade union help in resolving the industry's problems.

Mr. Plastow, who was speaking at the Society's annual banquet in London, delivered a sombre warning about the industry's failure to stand up to car imports over the past two years. "To-day the threat of loss of market is no longer a threat. It has arrived. It is inside our gates and it is almost too late to do anything about it," he said.

The answer to this problem, he went on, was for unions and management to get together and try to sort out a common future.

"I am not repeat not-union-bashing. I am system-bashing. The system I am bashing is the one that we have got ourselves into, where each side blames the other and the division is kept alive by a few to the detriment of the many."

Mr. Plastow's speech, which talked of an industrial relationship in the industry, is a measure of the despair which many executives feel about the future.

In the past the SMMT has punctiliously avoided any direct intervention in labour affairs. But the full council of the

society which represents all the major vehicle and component manufacturers in Britain, now feels that it has to take the initiative.

The speech, which follows a warning from Mr. Derek Whitaker, managing director of Leyland Cars, that a repeat of 1977 would "spell certain disaster", was made all the more pointed

by the presence of the two senior trade union leaders in the industry, Mr. Hugh Scanlon of the engineers, and Mr. Jack Jones of the transport workers.

These are the two men whom the SMMT would clearly like to involve more closely in talks.

The details of the SMMT's proposals were, however, left deliberately vague by Mr. Plastow, who wants to retain as much flexibility as possible for any talks. But two changes the SMMT would like to see are a reduction of bargaining units, "the principle of bargaining with all interested parties across one table at one time is most attractive to us" and a movement towards common bargaining dates.

Mr. Plastow went on to stress that what the industry sought was not a divided union movement, but a far stronger one.

The SMMT's initiative revives the sporadic efforts which have been made over the last 10 years to sort out the tangled industrial relations in the motor industry.

The most recent effort was propagated two years ago by Mr. Eric Varley, Industry Secretary, who set up a tripartite committee composed of top officials from the Government, trade union movement and vehicle companies to meet regularly and discuss common problems.

Mr. Varley, Leyland Cars' managing director, told the conference that what he industry sought was not a divided union movement, but a far stronger one.

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